

ASSEMBLY BILL

No. 373

Introduced by Assembly Member Wolk

February 15, 2007

An act to amend Sections 53312.7, 53313, 53313.4, 53313.5, 53313.6, 53313.9, 53314.6, 53316.2, 53317, 53318, 53319, 53320, 53321.5, 53322.4, 53323, 53324, 53325, 53325.1, 53325.7, 53326, 53327, 53328, 53328.3, 53329, 53330.3, 53330.5, 53332, 53336, 53339, 53339.2, 53339.3, 53339.5, 53339.6, 53339.7, 53339.8, 53340, 53340.2, 53341.5, 53343, 53343.1, 53344, 53345, 53352, 53354, 53355, 53356, 53356.1, 53356.3, 53356.6, 53359.5, 53360, 53362.5, 53363.7, 53364.2, 53364.5, and 53753 of, to add Section 53356.1.5 to, and to repeal Sections 53342 and 53344.2 of, the Government Code, to amend Section 3712 of the Revenue and Taxation Code, and to amend Sections 3110, 3113, 3114.5, 3115.5, and 3117.5 of, and to add Section 8837 to, the Streets and Highways Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 373, as introduced, Wolk. Local government: the Mello-Roos Community Facilities Act of 1982.

(1) Existing law, the Mello-Roos Community Facilities Act of 1982, permits a local agency to initiate proceedings to establish a district if it has first considered and adopted local goals and policies, including, among others, a statement of the priority that various kinds of public facilities have for financing, as specified.

This bill would revise this statement to include the priority that services, in addition to public facilities, have for financing.

(2) Existing law authorizes local governments to establish community facilities districts for recreational program services, library services,

maintenance services for elementary and secondary schoolsites and structures, and the operation and maintenance of museums and cultural facilities, and permits a special tax to be levied for any of these services upon approval of all voters, as specified. Existing law provides that a vote on a special tax to support these services is not subject to the requirement that a specified number of persons have been registered to vote for each of the 90 days preceding the close of the protest hearing. Existing law prohibits bonds to be issued to fund any of these services.

The bill would revise the vote requirements to provide that a vote on a special tax to be levied to fund these services be of the registered voters, as specified.

Existing law also authorizes local governments to establish community facilities districts for the maintenance of parks, parkways and open space, flood and storm protection services, as specified, among others.

This bill would additionally authorize local governments to establish community facilities districts for the maintenance and lighting of parks, parkways, and open space, and would add streets and roads to these provisions. The bill would also authorize the local government to establish a community facilities district for flood and storm protection services, including the plowing and removal of snow.

The bill would authorize local governments to establish a community facilities district to finance graffiti management and removal.

The bill would revise the prohibition against the issuance of bonds for community facilities districts, to authorize a local government to issue bonds to fund capital facilities to be used in providing the specified services.

(3) Existing law provides that a territory within a community facility district established for the acquisition or improvement of school facilities for a school district is exempt from any fee, increase in any fee other than a cost-of-living increase, or other requirement first levied, increased, or imposed subsequent to the date that the resolution of formation creating the community facilities district is adopted until a specified time.

This bill would revise this provision to provide that any territory within a community facilities district established for the acquisition or improvements of school facilities for a school district is exempt from any fee, as specified, pursuant to a specified chapter of the Education Code.

The bill would also revise the length of the term of the exemption, as specified.

(4) Existing law authorizes a community facilities district to finance the purchase, expansion, improvement, or rehabilitation of any real or other tangible property, as specified. Existing law provides various examples of facilities that a community facilities district may finance, including the acquisition, improvement, rehabilitation or maintenance of any real or other tangible property, as specified, and the payment in full of liens, assessment, obligation, or indebtedness, as specified, among others.

This bill would revise these provisions to specify that a community facilities district may finance the purchase, expansion, improvement or rehabilitation of any real or other tangible public or government-owned property, as specified. The bill would also revise the examples of facilities that a community facilities district may finance to include the acquisition, improvement, rehabilitation, or maintenance of any real or other tangible property for flood and storm protection services, as specified. The bill would require a joint community facilities agreement or joint exercise of power agreement where a community facilities district pays a fee to a public agency other than the local agency conducting the proceedings.

The bill would include, among the examples of permissible facilities, the acquisition, improvement, rehabilitation, or maintenance of property for the removal or remedial action for the cleanup of any hazardous substance released, or threatened to be released, into the environment, as specified.

(5) Existing law authorizes a legislative body to provide for adjustments in ad valorem property taxes within a community facilities district only if 2 specified findings are made at the conclusion of a public hearing. One of the required findings is that an ad valorem property tax is levied on property within a proposed community facilities district for the exclusive purpose of making lease payments or paying principal or interest on bonds or indebtedness, as specified.

This bill would revise this required finding to include a finding that an ad valorem property tax is, or will be, levied on property within a proposed community facilities district for the exclusive purpose or making lease payments on an existing lease, or paying principal or interest on outstanding bonds or other existing indebtedness, as specified, and would make conforming changes to other provisions of law.

(6) Existing law provides that all or part of the cost of any school facilities financed by a community facilities district may be shared by

the State Allocation Board, as specified, but that if the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property that the facilities are located upon shall be transferred to the state, and the community facilities district is required to make specified reductions in bonds or special taxes, as specified, provided that the reductions are consistent with the provisions of the resolution of intention, formation, consideration and to incur bonded indebtedness, as specified.

This bill would specify that whenever the State Allocation Board shares in any part of the cost of the school facilities, the ownership of those facilities and the real property that the facilities are located upon are held as provided in the Leroy F. Greene School Facilities Act of 1998, and would eliminate the requirement that the community facilities district make reductions in bonds or special taxes. The bill would also provide that the resolution of intention, formation, consideration, and to incur bonded indebtedness may provide for cost sharing by the State Allocation Board and for appropriate adjustment of the principal amount of any bond issue or issues and of the rate and method of apportionment of any special tax, as specified.

(7) Existing law authorizes a community facilities district to finance facilities that are to be owned or operated by an entity other than the agency that created the district or services to be provided by an entity other than the agency that created the district, or any combination thereof, if a joint community facilities agreement or a joint exercise of powers agreement is adopted, as specified.

This bill would require that the facilities be owned or operated by a public agency, and would specify that a joint community facilities agreement or a joint exercise of powers agreement with a state or federal agency is not required if the local agency with primary responsibility for formation of a district is the agency that would, in the absence of the district, deal directly with the state or federal agency in the provision of the facilities or services, or if the local agency with primary responsibility for formation of a district enters into a joint agreement with the local agency that would, in the absence of the district, deal directly with a state or federal agency in the provision of the facilities.

(8) Existing law defines various terms in connection with community facilities districts, including “landowner,” as specified.

This bill would revise the definition of landowner to specify that a public agency is not a landowner or owner of land unless either (1) the land owned by a public agency would be subject to a special tax, as

specified, (2) the public agency has acquired the property by purchase or negotiation in connection with foreclosure of the special tax lien and it is intended that the property will be transferred to private ownership, (3) the public agency makes specified statements in the proceedings, or (4) the land owned by a public agency is within the territory of a military base that is closed or being closed.

(9) Existing law requires the legislative body to institute proceedings for the establishment of a community facilities district when either a written request for the establishment of a district, signed by 2 members of the legislative body, describing the territory that is proposed for inclusion in the area and specifying the type or types of facilities and services to be financed by the district is filed with the legislative body, or a petition requesting the institution of the proceedings signed by the requisite number of registered voters, as specified, is filed with the clerk of the legislative body, or when a petition requesting the institution of the proceedings signed by landowners owning the requisite portion of the area of the proposed district, as specified, is received. Existing law also requires a written request or petition requesting the institution of the proceedings be accompanied by the payment of a fee in an amount that the legislative body determines is sufficient to compensate the legislative body for all costs incurred in conducting the proceedings, as specified.

This bill would require the petitions signed by registered voters or landowners to include a description of the boundaries of the territory that is proposed for inclusion in the community facilities district and a specification of the type or types of facilities and services to be financed by the district. The bill would provide that a written request or a petition signed by registered voters need not be acted on until the legislative body receives the payment of a fee that it determines, within 45 days, to be sufficient to compensate the legislative body for all costs incurred in conducting the proceedings. The bill would also provide that the legislative body may not act upon a petition by landowners until a fee is paid that the legislative body determines, within 45 days, to be sufficient to compensate the legislative body for all costs incurred in conducting the proceedings, as specified.

(10) Existing law requires a petition requesting the institution of proceedings for the establishment of a community facilities district to, among other things, state the type or types of facilities and services to be financed by the district and be signed by not less than 10% of the registered voters residing within the territory proposed to be included

within the district or by owners of not less than 10% of the area of land proposed to be included within the district.

This bill would require the petition to state the type or types of facilities and services proposed to be financed by the district and authorizes the petition to include proposals for a resolution to be adopted by the legislative body. The bill would also require the petition to be signed by either not less than 10% of the registered voters residing within the proposed territory or not less than 10% of the owners of the area of land proposed to be included within the district and not proposed to be exempt from the special tax.

(11) Existing law requires the clerk of the legislative body to publish a notice of hearing, as specified, and authorizes the clerk to give the same notice of the hearing by first-class mail, at least 15 days before the hearing, to each registered voter and to each landowner within the proposed district.

This bill would delete the requirement that the notice by first-class mail be mailed at least 15 days before the hearing.

(12) Existing law authorizes interested persons or taxpayers to make oral or written protest against the establishment of a district, the extent of the district, or the furnishing of specified types of public facilities or services within the district at the hearing on the matter. Existing law requires written protest to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

This bill would authorize any person to make an oral or written protest, and would require only written protest not personally presented by the author of the protest at the time of the hearing to be filed with the clerk of the legislative body at or before the time fixed for the hearing.

(13) Existing law authorizes the legislative body to modify the resolution of intention to establish the community facilities district at a public hearing.

This bill would prohibit the legislative body from modifying the resolution of intention to increase the maximum special tax or to add territory to the proposed district.

(14) Existing law authorizes the legislative body to submit a proposition to establish or change the appropriations limit, as specified, of a community facilities district, to the qualified electors of a proposed or established district, to become effective if approved by the qualified electors voting on the proposition. Existing law requires the limit to be adjusted for changes in the cost of living and changes in populations.

This bill would revise this section to require the limit to be adjusted for changes in the per capita personal income in the state and changes in populations, as specified.

(15) Existing law requires the legislative body to submit the levy of any special taxes to the qualified electors of the proposed community facilities district subject to the levy or to the qualified electors of the territory to be annexed by the community facilities district subject to the levy in the next general election or in a special election to be held at least 90 days, but not more than 180 days, following the adoption of the resolution of formation and requires the legislative body to provide the resolution of formation, a certified map of sufficient scale and clarity to show the boundaries of the district, and a sufficient description to allow the election official to determine the boundaries of the district, to the official conducting the election within 3 business days after the adoption of the resolution of formation. Existing law specifies the allocation of the votes, if the vote is to be by landowners of the district, as specified.

This bill would also require the legislative body to provide the resolution deeming it necessary to incur bonded indebtedness, if one is adopted.

This bill would require the ballots to be executed by an owner of a parcel, or by a lawfully appointed representative of an owner, as specified, and would further specify the allocation of landowner votes.

(16) Existing law provides that when an election involves a school district and the vote is to be by the landowners of the proposed district, the legislative body of the school district may authorize an official of the district to conduct the election, including preparation of analysis and compilation of arguments.

This bill would instead provide that when the vote is to be by the landowners of the proposed district, the legislative body of the local agency may authorize an official of the local agency to conduct the election, including the preparation of analysis and compilation of arguments.

(17) Existing law provides that a special tax may be levied to provide services only if at least 12 persons shall have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the protest hearing and if $\frac{2}{3}$ of the votes cast upon the question of levying the tax are in favor of levying the tax.

This bill would repeal this provision.

(18) Existing law requires the clerk of the legislative body, upon determining that the required $\frac{2}{3}$ votes cast are in favor of levying the special tax, to record the notice of a special tax lien, as specified.

This bill would require the clerk of the legislative body to record the notice within 15 days of a landowner election or within 90 days of a registered voter election.

(19) Existing law requires the legislative body, if it receives a petition signed by 25% or more of the registered voters residing in the district or by the owners of 25% or more of the territory within the district, to adopt a resolution of consideration within 40 days of the payment of the fee determined by the legislative body, as specified, reflecting the changes in the community facilities district the petition requested.

This bill would require a petition by landowners to be by 25% or more of the owners of land within the district not exempt from the special tax, and would provide an additional reason to petition for a change in the district. The bill would also require the legislative body to determine the required fee within 45 days of receipt of a petition filed by landowners, and would permit the legislative body to require a fee, that must be determined within 45 days, in the case of a petition filed by registered voters.

(20) Existing law permits protests against a proposal to change a community facilities district or special tax to be made in writing by any interested person, and requires written protest to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

This bill would only require written protests not personally presented by the author at the hearing to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

(21) Existing law requires the resolution of intention to annex a territory or to provide for future annexation of territory to, among other requirements, specify any special taxes that would be levied within the territory proposed to be annexed or to be annexed in the future and requires a special tax proposed to pay for public facilities financed with bonds secured by the existing community facilities district to be the same as the tax levied in the existing district for that purpose. The resolution of intention must also specify any alteration in the special tax rate levied within the existing community facilities district as a result of the proposed annexation.

This bill would require a special tax proposed to pay for public facilities with bonds that have already been issued and that are secured by the existing community facilities district to be the same as the tax

levied in the existing district for that purpose. The bill would also specify that these provisions may not be construed to limit the levy of a special tax within the territory to be annexed or to be annexed in the future to provide new or additional services beyond those supplied within the existing territory of the district or to pay for new or additional public facilities with or without bond financing. The bill would also require the resolution of intention to specify in quantitative terms any change in the legislative body's expectations with respect to the probable special tax rate to be levied within the existing community facilities district as a result of the proposed annexation.

(22) Existing law authorizes protests against a resolution of intention to annex a territory or to provide for future annexation of a territory to be made in writing by any interest person, and requires written protest to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

This bill would only require written protests not personally presented by the author at the hearing to be filed with the clerk of the legislative body on or before the time fixed for the hearing.

(23) Existing law prohibits any further proceedings to be taken on the annexation of territory for a period of one year from the decision of the legislative body at the hearing on the annexation if a specified number or groups of persons, including the owners of $\frac{1}{2}$ or more of the area of land in the territory included in the existing district, file written protests with the legislative body.

This bill would specify that the land in the existing district in which $\frac{1}{2}$ or more of the owners have filed protests against annexation not be exempt from the special tax, and would clarify that no further proceedings to annex the same territory, or to authorize the same territory to be annexed in the future, take place.

(24) Existing law provides that when the question of levying a special tax within the areas proposed to be annexed into an existing community facilities district appears on the same ballot as the question of annexation of the same territory to a school district, the effectiveness of each measure may be made contingent on the passage of the other.

This bill would provide that when the question of levying a special tax within the areas proposed to be annexed into an existing community facilities district appears on the same ballot as the question of annexation of the same territory to a local agency, rather than a school district, the effectiveness of each measure may be made contingent on the passage of the other.

(25) Existing law, if a canvass of returns of any election on the question of levying a special tax, as specified, shows that $\frac{2}{3}$ of the votes cast are in favor levying the special tax, requires the legislative body to determine that the area proposed to be annexed is added to, and part of, the existing community facilities district with full legal effect, and the legislative body may levy any special tax within the annexed territory, as specified in the resolution of intention to annex.

This bill would specify that the legislative body may levy any special tax within the annexed territory, as specified in the resolution of intention to annex and in the ordinance adopted, as specified, to levy special taxes.

(26) Existing law provides that properties or entities of the state, federal, or other local governments are exempt from the special tax, except as specified.

Existing law requires the special tax to be collected in the same manner as ordinary ad valorem property taxes are collected, but that the legislative body of the district may waive delinquency penalties and redemption penalties if it makes specified determinations.

This bill would specify that properties that a local agency is a landowner of, as specified, are not exempt from the special tax.

This bill would authorize the legislative body of the district to waive all or any specified portion of the delinquency penalties and redemption penalties if it makes specified determinations.

(27) Existing law requires the legislative body levying the special tax to designate an office, department, or bureau of the local agency to be responsible for annually preparing the current roll of special tax levy obligations. Existing law requires the office, department, or bureau to furnish a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency, within 5 working days of receiving the request, and permits the local agency to charge a reasonable fee, not to exceed \$10, for this service. Existing law requires the notice to be in a specified format, that may be modified as needed, for specified reasons.

This bill would authorize the local agency to charge a fee for furnishing the Notice of Special Tax, not to exceed the estimated reasonable cost of providing the service. The bill would also authorize the form of the notice to be modified as needed to clearly and accurately describe a tax rate that will change with a change in use of the parcel, or to clearly and accurately describe a tax that will be levied only once.

(28) Existing law permits a legislative body to fix and collect charges for any community facilities district or zone thereof, in the same manner as for miscellaneous extended services in county service areas.

This bill would repeal this provision.

(29) Existing law requires a Notice of Cancellation of Special Tax Lien to, among other things, state the book and page number in the records of the county recorder where the Notice of Special Tax Lien being cancelled is recorded.

This bill would specify that the Notice of Cancellation of Special Tax Lien must state the book and page number or the document or instrument number in the records of the county recorder where the Notice of Special Tax Lien being cancelled is recorded.

(30) Existing law requires the legislative body, whenever the legislative body deems it necessary for the community facilities district to incur bonded indebtedness, to set forth certain items in a resolution, including the time and place for a hearing by the legislative body on the proposed debt issue.

This bill would revise this provision to require the legislative body to set forth the time and place for a hearing by the legislative body on the proposed debt authorization.

(31) Existing law provides that a resolution regarding incurring bonded indebtedness is notice of the special bond election, and requires that the resolution be published in a newspaper of general circulation circulating within the area.

The bill would provide that the qualified electors may waive, in writing, the requirement that the resolution be published in a newspaper of general circulation circulating within the area.

(32) Existing law requires a $\frac{2}{3}$ vote for the issuance of revenue bonds, as specified.

This bill would instead provide that a $\frac{2}{3}$ vote is required for the issuance of revenue bonds.

(33) Existing law authorizes the legislative body, by resolution adopted prior to the issuance of debt, as specified, to covenant for the benefit of debt holders to commence and diligently pursue any foreclosure action regarding delinquent installments of any amount levied as a special tax for the payment of interest or principal of any bonds that are issued, as specified.

This bill would authorize the legislative body to pursue a foreclosure action regarding delinquent installments or any amount levied as a

special tax, in whole or in part, for the payment of interest or principal of any debt that is incurred, as specified.

(34) Existing law authorizes the legislative body to bring a foreclosure action to collect, among other debts, any outstanding debts, special taxes, interest, penalties, as specified.

This bill would specify allocation of the sale price in a foreclosure action where the property is sold for less than the amount necessary to redeem plus costs, as defined, and would provide that if the property is sold for at least the total amount necessary to redeem plus costs, as defined, the sale of the property extinguishes the delinquent special taxes, interest, penalties, and costs included in the sales price.

(35) Existing law prohibits the sale of property for less than the amount of the judgment on that property, plus postjudgment interest and authorized costs without the consent of the owners of 75% by value of the outstanding bonds.

This bill would prohibit the sale of property for less than the amount of the judgment on the property, including any amendments to the judgment, plus postjudgment interest and authorized costs without the consent of the owners of 75% by value of outstanding bonds, except that the legislative body would be able to authorize the property to be sold for a specified minimum purchase price. This bill would also prohibit specified persons or entities from purchasing a parcel at any foreclosure sale for less than the amount of the judgment, plus postjudgment interest and authorized costs. The bill would also provide that the plaintiff in the foreclosure action may credit bid up to the amount of the judgment and would provide that any amounts realized from the sale in excess of the minimum purchase price, up to the full amount of the judgment, as specified, shall be paid to the plaintiff in that action.

(36) Existing law requires the legislative body, with respect to any bonds sold, as specified, and until the final maturity of bonds, to notify the California Debt and Investment Advisory Commission within 10 days if, among other events, funds are withdrawn from a reserve fund to pay principal and interest on the bonds beyond levels set by the California Debt and Investment Advisory Commission.

This bill would instead require the legislative body to notify the California Debt and Investment Advisory Commission when, among other events, funds are withdrawn from a reserve fund to pay principal and interest on the bonds that reduces the reserve fund to less than the reserve requirement.

(37) Existing law authorizes the community facilities district to sell bonds, as specified, at the time or in the manner the legislative body deems to be in the public interest, except that all bonds must be sold on sealed proposals to the highest bidder, after advertising for bids by publication of notice of sale, as specified, not less than 10 days prior to the date of sale in a newspaper of general circulation circulating in the area.

This bill would authorize the community facilities district to sell bonds on sealed proposals or through generally accepted electronic means to the highest bidder after advertising for bids by publication of notice of sale, as specified.

(38) Existing law prohibits the issuance of refunding bonds if the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total net interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded.

Existing law also provides that the designated costs of issuing refunding bonds may be paid by the purchaser of the refunding bonds or may be paid from any other legally available source, including, among other sources, any available revenues of the legislative body, except that any amounts paid by the local agency other than from proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of the proceeds of sale shall be added to the total net interest cost to maturity on the refunding bonds in determining whether the issuance of the refunding bonds comply with specified law.

This bill would instead provide that refunding bonds may not be issued if the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds exceeds the total interest cost to maturity on the bonds to be refunded plus the principal amount of the bonds to be refunded, and would provide that any amounts paid by a local agency other than from the proceeds of sale of the refunding bonds or from interest or other gains derived from the investment of the proceeds shall be added to the total interest cost to maturity on the refunding bonds in determining whether the issuance of the refunding bonds complies with specified law.

(39) Existing law requires any savings achieved through the issuance of refunding bonds to be used by the legislative body to reduce the special taxes that were levied to retire the bonds being refunded, and requires the legislative body, at the time it makes a determination to

issue the refunding bonds, to determine and cause to be made any reductions in the annual tax levy in the district, as specified.

This bill would provide that if further facilities or services are authorized to be financed by the district, savings achieved through the issuance of refunding bonds may be used by the legislative body for those purposes, but if no further facilities or services are authorized to be financed by the district, any savings achieved through the issuance of refunding bonds shall be used by the legislative body to reduce the special taxes levied to retire outstanding bonds. The bill would also provide that savings achieved through the issuance of refunding bonds, as specified, may be used in proportions determined by the legislative body, and would define the term “savings achieved through the issuance of refunding bonds” to mean the difference between the principal and interest to maturity of the refunded bonds and the principal and interest to maturity of the refunding bonds. The bill would also provide that if savings are to be used for authorized facilities, bonds may be issued that are secured by those savings.

(40) Existing law provides, in the case of property that is tax defaulted, that the deed conveys title to the purchaser free of all encumbrances of any kind, except a number of specified liens, assessments, and taxes.

This bill would provide that the title of a piece or property that is sold in tax default is not free of unpaid assessments that are being collected through a foreclosure action, as specified, and that the sale shall not nullify, eliminate, or reduce the amount of a foreclosure judgment, as specified.

(41) Existing law prohibits a legislative body from ordering a modification in the boundaries of a district shown on a previously filed map of the district unless the legislative body describes the proposed modification by reference to an amended map of the district boundary that shall be approved by resolution, and the amended map must be filed with the county recorder not later than 10 days after the resolution of the legislative body approving the amended boundary.

This bill would require the amended map to be filed with the county recorder not later than 15 days after the resolution of the legislative body approving the amended boundary.

(42) Existing law provides that, with regard to community facilities districts, within 15 days after the determination, as specified, that the requisite number of voters is in favor of the levy of a special tax, the clerk of the legislative body shall execute and record a notice of special

tax lien in the office of the county recorder of each county that all or any part of the community facilities district is located, as specified.

This bill would provide that this notice shall be filed within 15 days in the case of a landowner vote, or 90 days, in the case of a registered voter election.

(43) Existing law, with regard to community facilities districts, provides that from the date of the recording in the office of the county recorder, as specified, or if the community facilities district is located in 2 or more counties, then from the date of the recording in the office of the county recorder where a notice is last recorded, all persons are deemed to have notice of the contents of the Notice of Special Tax Lien. Existing law also provides that, upon the date of the last recording, the notice of special tax lien imposes a lien upon all nonexempt real property in the district.

This bill would provide that, in the case of a community facilities district that is located in 2 or more counties, all persons are deemed to have notice of the contents of the Notice of Special Tax Lien, with respect to parcels located within each county, from the date of the recording in the office of each county recorder where a notice recorded. This bill would also provide that upon the date the recording are made, the Notice of Special Tax Lien imposes a lien upon all nonexempt real property in the district within that county.

(44) Existing law requires the clerk of the legislative body, if any proceedings subsequent to the approval by the voters of a special tax result in a change to the approved special tax lien, as specified, to record an amendment to the original Notice of Special Tax Lien and any amendments thereto, and to reference the book and page and recording date of that notice and any amendments to it, as specified.

This bill would instead require the Special Tax Lien and any amendments thereto to reference the recorder's serial or document number and recording date of the notice and any amendments to it, as specified.

(45) Existing law specifies the procedures for the foreclosure sale of a piece of property, and the allocation of the proceeds to owed installments, interest, penalties, costs, fees, and other delinquent charges that are owed at the time of the sale.

This bill would specify the distribution of the sale proceeds from a foreclosure sale of property by the tax collector. The bill would provide that if the property is sold for at least, the total amount necessary to redeem plus costs, as defined, the sale of the property would distinguish

assessment installments, interest, penalties, and costs included in the sale price, but if the property is sold for less than the total amount necessary to redeem plus costs, as defined, the proceeds must be distributed.

(46) This bill would also make other technical, nonsubstantive changes to laws relating to the act.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 53312.7 of the Government Code is
2 amended to read:

3 53312.7. (a) On and after January 1, 1994, a local agency may
4 initiate proceedings to establish a district pursuant to this chapter
5 only if it has first considered and adopted local goals and policies
6 concerning the use of this chapter. The policies shall include at
7 least the following:

8 (1) A statement of the priority that various kinds of public
9 facilities *and services* shall have for financing through the use of
10 this chapter, including public facilities to be owned and operated
11 by other public agencies, including school districts, *and services*
12 *to be provided by other public agencies*.

13 (2) A statement concerning the credit quality to be required of
14 bond issues, including criteria to be used in evaluating the credit
15 quality.

16 (3) A statement concerning steps to be taken to ensure that
17 prospective property purchasers are fully informed about their
18 taxpaying obligations imposed under this chapter.

19 (4) A statement concerning criteria for evaluating the equity of
20 tax allocation formulas, and concerning desirable and maximum
21 amounts of special tax to be levied against any parcel pursuant to
22 this chapter.

23 (5) A statement of definitions, standards, and assumptions to
24 be used in appraisals required by Section 53345.8.

25 (b) The goals and policies adopted by any school district
26 pursuant to subdivision (a) shall include, but not be limited to, a
27 priority access policy ~~which~~ *that* gives priority attendance access
28 to students residing in a community facilities district whose
29 residents have paid special taxes ~~which~~ *that* have, in whole or in

part, financed the construction of school district facilities. The degree of priority shall reflect the proportion of each school's financing provided through the community facilities district. In developing a priority access policy for residents of a community facilities district, a school district may incorporate a school district attendance policy including criteria for student assignment such as goals to achieve ethnic, racial, or socioeconomic diversity; federal, state, or court mandates; transportation needs, safe pedestrian routes; grade levels ~~for which~~ *that* facilities were designed; and ensuring students continuity of schooling within any single school year.

SEC. 2. Section 53313 of the Government Code is amended to read:

53313. A community facilities district may be established under this chapter to finance any one or more of the following types of services within an area:

(a) Police protection services, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.

(b) Fire protection and suppression services, and ambulance and paramedic services.

(c) Recreation program services, library services, maintenance services for elementary and secondary schoolsites and structures, and the operation and maintenance of museums and cultural facilities. ~~Bonds may not be issued pursuant to this chapter to fund any of the services specified in this subdivision.~~ A special tax may be levied for any of the services specified in this subdivision only upon approval of the *registered* voters as specified in subdivision (b) of Section ~~53328~~. ~~However, the requirement contained in subdivision (b) of Section 53328 that a certain number of persons have been registered to vote for each of the 90 days preceding the close of the protest hearing does not apply to an 53326.~~ An election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities ~~subject to~~ *may be conducted pursuant to* subdivision (c) of Section 53326.

(d) Maintenance *and lighting* of parks, parkways, *streets, roads,* and open space.

1 (e) Flood and storm protection services, including, but not
2 limited to, the operation and maintenance of storm drainage
3 systems, *plowing and removal of snow*, and sandstorm protection
4 systems.

5 (f) Services with respect to removal or remedial action for the
6 cleanup of any hazardous substance released or threatened to be
7 released into the environment. As used in this subdivision, the
8 terms “remedial action” and “removal” shall have the meanings
9 set forth in Sections 25322 and 25323, respectively, of the Health
10 and Safety Code, and the term “hazardous substance” shall have
11 the meaning set forth in Section 25281 of the Health and Safety
12 Code. Community facilities districts shall provide the State
13 Department of Health Services and local health and building
14 departments with notification of any cleanup activity pursuant to
15 this subdivision at least 30 days prior to commencement of the
16 activity.

17 (g) *Graffiti management and removal.*

18 A community facilities district tax approved by vote of the
19 landowners of the district may only finance the services authorized
20 in this section to the extent that they are in addition to those
21 provided in the territory of the district before the district was
22 created. The additional services may not supplant services already
23 available within that territory when the district was created.

24 *Bonds may not be issued pursuant to this chapter to fund any of*
25 *the services specified in this section, although bonds may be issued*
26 *to fund capital facilities to be used in providing these services.*

27 SEC. 3. Section 53313.4 of the Government Code is amended
28 to read:

29 53313.4. Any territory within a community facilities district
30 established for the acquisition or improvement of school facilities
31 for a school district shall be exempt from any fee, increase in any
32 fee other than a cost-of-living increase as authorized by law, or
33 other requirement first levied, increased, or imposed ~~subsequent~~
34 ~~to the date on which the resolution of formation creating the~~
35 ~~community facilities district is adopted under Section 53080, or~~
36 ~~pursuant to Chapter 6 (commencing with Section 17620) of Part~~
37 ~~10.5 of Division 1 of Title 1 of the Education Code or under~~
38 Chapter 4.7 (commencing with Section 65970) of Division 1 of
39 Title 7, by or to benefit any other school district, except as
40 otherwise negotiated between the school districts. That exemption

1 shall apply until a date 10 years following the most recent issuance
2 of bonds by the community facilities district or, if no bonds have
3 ever been issued by the community facilities district, a date 10
4 years following the formation of the community facilities district
5 ~~or until the school district applies for state funding as provided in~~
6 ~~subdivision (d) of Section 17705.6.~~

7 SEC. 4. Section 53313.5 of the Government Code is amended
8 to read:

9 53313.5. A community facilities district may also finance the
10 purchase, construction, expansion, improvement, or rehabilitation
11 of any real or other tangible *public or government owned* property
12 with an estimated useful life of five years or longer or may finance
13 planning and design work that is directly related to the purchase,
14 construction, expansion, or rehabilitation of any real or tangible
15 *public or government owned* property. The facilities need not be
16 physically located within the district. A district may not lease out
17 facilities ~~which~~ *that* it has financed except pursuant to a lease
18 agreement or annexation agreement entered into prior to January
19 1, 1988. A district may only finance the purchase of facilities
20 whose construction has been completed, as determined by the
21 legislative body, before the resolution of formation to establish
22 the district is adopted pursuant to Section 53325.1, except that a
23 district may finance the purchase of facilities completed after the
24 adoption of the resolution of formation if the facility was
25 constructed as if it had been constructed under the direction and
26 supervision, or under the authority of, the local agency *that will*
27 *own or operate the facility*. For example, a community facilities
28 district may finance facilities, including, but not limited to, the
29 following:

30 (a) Local park, recreation, parkway, and open-space facilities.

31 (b) Elementary and secondary schoolsites and structures
32 provided that the facilities meet the building area and cost standards
33 established by the State Allocation Board.

34 (c) Libraries.

35 (d) Child care facilities, including costs of insuring the facilities
36 against loss, liability insurance in connection with the operation
37 of the facility, and other insurance costs relating to the operation
38 of the facilities, but excluding all other operational costs. However,
39 the proceeds of bonds issued pursuant to this chapter shall not be
40 used to pay these insurance costs.

1 (e) The district may also finance the construction or
2 undergrounding of water transmission and distribution facilities,
3 natural gas pipeline facilities, telephone lines, facilities for the
4 transmission or distribution of electrical energy, and cable
5 television lines to provide access to those services to customers
6 who do not have access to those services or to mitigate existing
7 visual blight. The district may enter into an agreement with a public
8 utility to utilize those facilities to provide a particular service and
9 for the conveyance of those facilities to the public utility. “Public
10 utility” shall include all utilities, whether public and regulated by
11 the Public Utilities Commission, or municipal. If the facilities are
12 conveyed to the public utility, the agreement shall provide that the
13 cost or a portion of the cost of the facilities that are the
14 responsibility of the utility shall be refunded by the public utility
15 to the district or improvement area thereof, to the extent that
16 refunds are applicable pursuant to (1) the Public Utilities Code or
17 rules of the Public Utilities Commission, as to utilities regulated
18 by the commission, or (2) other laws regulating public utilities.
19 Any reimbursement made to the district shall be utilized to reduce
20 or minimize the special tax levied within the district or
21 improvement area, or to construct or acquire additional facilities
22 within the district or improvement area, as specified in the
23 resolution of formation.

24 (f) The district may also finance the acquisition, improvement,
25 rehabilitation, or maintenance of any real or other tangible property,
26 whether privately or publicly owned, ~~for the purposes described~~
27 ~~in subdivision (e) of Section 53313~~ *flood and storm protection*
28 *services, including, but not limited to, storm drainage systems and*
29 *sandstorm protection systems.*

30 (g) The district may also pay in full all amounts necessary to
31 eliminate any fixed special assessment liens or to pay, repay, or
32 defease any obligation to pay or any indebtedness secured by any
33 tax, fee, charge, or assessment levied within the area of a
34 community facilities district or may pay debt service on that
35 indebtedness. *Consent in the form of a joint community facilities*
36 *agreement or joint exercise of powers agreement is required where*
37 *a fee is paid to a public agency other than the local agency*
38 *conducting the proceedings to establish the community facilities*
39 *district.* In addition, tax revenues of a district may be used to make
40 lease or debt service payments on any lease, lease purchase

1 contract, or certificate of participation used to finance authorized
2 district facilities.

3 (h) Any other governmental facilities ~~which~~ *that* the legislative
4 body creating the community facilities district is authorized by
5 law to contribute revenue to, or construct, own, or operate.
6 However, the district shall not operate or maintain or, except as
7 otherwise provided in subdivisions (e) and ~~(f)~~ (k), have any
8 ownership interest in any facilities for the transmission or
9 distribution of natural gas, telephone service, or electrical energy.

10 (i) (1) A district may also pay for the following:

11 (A) Work deemed necessary to bring buildings or real property,
12 including privately owned buildings or real property, into
13 compliance with seismic safety standards or regulations. Only
14 work certified as necessary to comply with seismic safety standards
15 or regulations by local building officials may be financed. No
16 project involving the dismantling of an existing building and its
17 replacement by a new building, nor the construction of a new or
18 substantially new building may be financed pursuant to this
19 subparagraph. Work on qualified historical buildings or structures
20 shall be done in accordance with the State Historical Building
21 Code (Part 2.7 (commencing with Section 18950) of Division 13
22 of the Health and Safety Code).

23 (B) In addition, within any county or area designated by the
24 President of the United States or by the Governor as a disaster area
25 or for which the Governor has proclaimed the existence of a state
26 of emergency because of earthquake damage, a district may also
27 pay for any work deemed necessary to repair any damage to real
28 property directly or indirectly caused by the occurrence of an
29 earthquake cited in the President's or the Governor's designation
30 or proclamation, or by aftershocks associated with that earthquake,
31 including work to reconstruct, repair, shore up, or replace any
32 building damaged or destroyed by the earthquake, and specifically
33 including, but not limited to, work on any building damaged or
34 destroyed in the Loma Prieta earthquake ~~which~~ *that* occurred on
35 October 17, 1989, or by its aftershocks. Work may be financed
36 pursuant to this subparagraph only on property or buildings
37 identified in a resolution of intention to establish a community
38 facilities district adopted within seven years of the date ~~on which~~
39 *that* the county or area is designated as a disaster area by the

1 President or by the Governor or on which the Governor proclaims
2 for the area the existence of a state of emergency.

3 (2) Work on privately owned property, including reconstruction
4 or replacement of privately owned buildings pursuant to
5 subparagraph (B) of paragraph (1), may only be financed by a tax
6 levy if all of the votes cast on the question of levying the tax, vote
7 in favor of levying the tax, or with the prior written consent to the
8 tax of the owners of all property ~~which~~ *that* may be subject to the
9 tax, in ~~which~~ *that* case the prior written consent shall be deemed
10 to constitute a vote in favor of the tax and any associated bond
11 issue. Any district created to finance seismic safety work on
12 privately owned buildings, including repair, reconstruction, or
13 replacement of privately owned buildings pursuant to this
14 subdivision, shall consist only of lots or parcels ~~on which~~ *that* the
15 legislative body finds that the buildings to be worked on, repaired,
16 reconstructed, or replaced, pursuant to this subdivision, are located
17 or were located before being damaged or destroyed by the
18 earthquake cited pursuant to subparagraph (B) of paragraph (1) or
19 by the aftershocks of that earthquake.

20 (j) ~~(H)~~—A district may also pay for the following:

21 ~~(A)~~

22 (1) Work deemed necessary to repair and abate damage caused
23 to privately owned buildings and structures by soil deterioration.
24 “Soil deterioration” means a chemical reaction by soils that causes
25 structural damage or defects in construction materials including
26 concrete, steel, and ductile or cast iron. Only work certified as
27 necessary by local building officials may be financed. No project
28 involving the dismantling of an existing building or structure and
29 its replacement by a new building or structure, nor the construction
30 of a new or substantially new building or structure may be financed
31 pursuant to this subparagraph.

32 ~~(B)~~

33 (2) Work on privately owned buildings and structures pursuant
34 to this subdivision, including reconstruction, repair, and abatement
35 of damage caused by soil deterioration, may only be financed by
36 a tax levy if all of the votes cast on the question of levying the tax
37 vote in favor of levying the tax. Any district created to finance the
38 work on privately owned buildings or structures, including
39 reconstruction, repair, and abatement of damage caused by soil
40 deterioration, shall consist only of lots or parcels on which the

1 legislative body finds that the buildings or structures to be worked
2 on pursuant to this subdivision suffer from soil deterioration.

3 *(k) A district may also finance the acquisition, improvement,*
4 *rehabilitation, or maintenance of any real or other tangible*
5 *property, whether privately or publicly owned, for the purposes*
6 *of removal or remedial action for the cleanup of any hazardous*
7 *substance released or threatened to be released into the*
8 *environment. As used in this subdivision, the terms “remedial*
9 *action” and “removal” shall have the meaning set forth in Sections*
10 *25322 and 25323, respectively, of the Health and Safety Code,*
11 *and the term “hazardous substance” shall have the meaning set*
12 *forth in Section 25281 of the Health and Safety Code.*

13 SEC. 5. Section 53313.6 of the Government Code is amended
14 to read:

15 53313.6. The legislative body may provide for adjustments in
16 ad valorem property taxes pursuant to Section 53313.7 within a
17 community facilities district only after making both of the
18 following findings at the conclusion of the public hearing held
19 pursuant to Article 2 (commencing with Section 53318):

20 (a) That an ad valorem property tax is, *or will be*, levied on
21 property within a proposed community facilities district for the
22 exclusive purpose of making lease payments *on an existing lease*
23 or paying principal or interest on *outstanding* bonds or other
24 *existing* indebtedness, including state school building loans,
25 incurred to finance construction of capital facilities.

26 (b) That capital facilities to be financed by the community
27 facilities district will provide the same services to the territory of
28 the community facilities district as were provided by the capital
29 facilities mentioned in subdivision (a).

30 SEC. 6. Section 53313.9 of the Government Code is amended
31 to read:

32 53313.9. (a) All or any part of the cost of any school facilities
33 financed by a community facilities district may be shared by the
34 State Allocation Board pursuant to Section 17718.5 of the
35 Education Code.

36 (b) If the State Allocation Board shares in any part of the cost
37 of the school facilities, the ownership of those facilities and the
38 real property upon which the facilities are located shall be
39 ~~transferred to the State of California. A copy of the deed by which~~
40 ~~the title is transferred shall be recorded in the office of the county~~

1 recorder of the county in which the property is located. The deed
2 shall be indexed by the county recorder in the grantor-grantee
3 index to the name of the school district as grantor and to the State
4 of California as grantee. In addition, the community facilities
5 district shall take one or more of the following actions: *held as*
6 *provided in the Leroy F. Greene School Facilities Act of 1998*
7 *(Chapter 12.5 (commencing with Section 17070.10) of Part 10 of*
8 *Division 1 of the Education Code).*

9 (1) ~~Reduce the amount of bonds authorized to be issued by the~~
10 ~~community facilities district by an amount not to exceed the amount~~
11 ~~that the State Allocation Board contributes to the project.~~

12 (2) ~~Reduce the rate of any special tax which is levied within the~~
13 ~~community facilities district to reflect the amount that the State~~
14 ~~Allocation Board contributes to the project.~~

15 (3) ~~Reduce the amount of outstanding bonds or provide for the~~
16 ~~defeasance of outstanding bonds by an amount not to exceed the~~
17 ~~amount that the State Allocation Board contributes to the project.~~

18 (4) ~~Shorten the period of time during which a special tax is~~
19 ~~levied within the community facilities district to reflect the reduced~~
20 ~~funding needs resulting from the amount that the State Allocation~~
21 ~~Board contributes to the project.~~

22 (c) ~~Any reductions pursuant to subdivision (b) shall be consistent~~
23 ~~with the provisions of the~~ *The* ~~resolutions of intention, formation,~~
24 ~~consideration, and to incur bonded indebtedness, adopted pursuant~~
25 ~~to subdivision (b) of Section 23338 or Sections 53320, 53321,~~
26 ~~53325.1, 53334, and 53339.2, 53345, and 53351 may provide for~~
27 ~~cost sharing by the State Allocation Board and for appropriate~~
28 ~~adjustment of the principal amount of any bond issue or issues~~
29 ~~and of the rate and method of apportionment of any special tax.~~
30 ~~The legislative body may, by resolution, reduce the special tax or~~
31 ~~the amount of outstanding bonds in a manner consistent with the~~
32 ~~provisions of this section.~~

33 SEC. 7. Section 53314.6 of the Government Code is amended
34 to read:

35 53314.6. (a) In connection with the financing of services and
36 facilities pursuant to subdivision (f) of Section 53313 and ~~Section~~
37 ~~53313.8 subdivision (k) of Section 53313.5,~~ the legislative body
38 may establish a revolving fund to be kept in the treasury of the
39 district. Except as provided in subdivision (b), moneys in the
40 revolving fund shall be expended solely for the payment of costs

1 with respect to those services and facilities. The revolving fund
2 may be funded from time to time with moneys derived from any
3 of the following:

4 (1) Proceeds of the sale of bonds issued pursuant to Article 5
5 (commencing with Section 53345), notwithstanding any limitation
6 contained in Section 53345.3.

7 (2) Any taxes or charges authorized under this chapter.

8 (3) Any other lawful source.

9 (b) Subject to the provisions of any resolution, trust agreement
10 or indenture providing for the issuance of district bonds for the
11 purposes set forth in ~~Section 53313.8~~ *subdivision (k) of Section*
12 *53313.5*, the legislative body may withdraw money from the
13 revolving fund whenever and to the extent that it finds that the
14 amount of money therein exceeds the amount necessary to
15 accomplish the purposes for which the revolving fund was
16 established. Any moneys withdrawn from the revolving fund shall
17 be used to redeem bonds of the district issued for the purposes set
18 forth in *subdivision (k) of Section 53313.8* *53313.5* or shall be paid
19 to taxpayers in the district in amounts ~~which~~ *that* the legislative
20 body determines.

21 SEC. 8. Section 53316.2 of the Government Code is amended
22 to read:

23 53316.2. (a) A community facilities district may finance
24 facilities to be owned or operated by ~~an entity~~ *a public agency*
25 other than the agency that created the district, or services to be
26 provided by ~~an entity~~ *a public agency* other than the agency that
27 created the district, or any combination, only pursuant to a joint
28 community facilities agreement or a joint exercise of powers
29 agreement adopted pursuant to this section. *A joint community*
30 *facilities agreement or a joint exercise of powers agreement with*
31 *a state or federal agency shall not be required if the local agency*
32 *with primary responsibility for formation of a district is the agency*
33 *that would, in the absence of the district, deal directly with the*
34 *state or federal agency in the provision of the facilities or services,*
35 *or if the local agency with primary responsibility for formation of*
36 *a district enters into a joint agreement with the local agency that*
37 *would, in the absence of the district, deal directly with the state*
38 *or federal agency in the provision of the facilities or services.*

39 (b) At any time prior to the adoption of the resolution of
40 formation creating a community facilities district or a resolution

1 of change to alter a district, the legislative bodies of two or more
2 local agencies may enter into a joint community facilities
3 agreement pursuant to this section and Sections 53316.4 and
4 53316.6 or into a joint exercise of powers agreement pursuant to
5 the Joint Exercise of Powers Act (Chapter 5 (commencing with
6 Section 6500) of Division 7 of Title 1) to exercise any power
7 authorized by this chapter with respect to the community facilities
8 district being created or changed if the legislative body of each
9 entity adopts a resolution declaring that the joint agreement would
10 be beneficial to the residents of that entity.

11 (c) Notwithstanding the Joint Exercise of Powers Act (~~Chapter~~
12 ~~5 (commencing with Section 6500) of Division 7 of Title 1~~), a
13 contracting party may use the proceeds of any special tax or charge
14 levied pursuant to this chapter or, *in the case of facilities*, of any
15 bonds or other indebtedness issued pursuant to this chapter to
16 provide facilities or services which that contracting party is
17 otherwise authorized by law to provide, even though another
18 contracting party does not have the power to provide those facilities
19 or services.

20 (d) Notwithstanding subdivision (b), nothing in this section
21 shall prevent entry into or amendment of a joint community
22 facilities agreement or a joint exercise of powers agreement, after
23 adoption of a resolution of formation, *but prior to adoption of the*
24 *resolution authorizing issuance of bonds pursuant to Section 53356*
25 *for facilities for which those agreements are required*, if the new
26 agreement or amendment is necessary, as determined by the
27 legislative body, for either of the following reasons:

28 (1) To allow an orderly transition of governmental facilities and
29 finances in the case of any change in governmental organization
30 approved pursuant to the Cortese-Knox-Hertzberg Local
31 Government Reorganization Act of 2000 (Division 3 (commencing
32 with Section 56000) of Title 5) *or other law governing the*
33 *reorganization of any agency that is a party to the agreement*.

34 (2) To allow participation in the agreement by a state or federal
35 agency ~~that could or would not otherwise participate~~, including,
36 but not limited to, the California Department of Transportation.
37 *Participation in an agreement by a state or federal agency is purely*
38 *optional*.

39 (e) Notwithstanding any other provision of this chapter, no local
40 agency ~~which~~ *that* is party to a joint exercise of powers agreement

1 or joint community facilities agreement shall have primary
2 responsibility for formation of a district ~~or an improvement area~~
3 ~~within a district~~, or for an extension of authorized facilities and
4 services or a change in special taxes pursuant to Article ~~3, 3~~
5 (*commencing with Section 53330*), unless that local agency is one
6 or more of the following:

7 (1) A city, a county, or a city and county.

8 (2) An agency created pursuant to a joint powers agreement that
9 is separate from the parties to the agreement, is responsible for the
10 administration of the agreement, and is subject to the notification
11 requirement of Section 6503.5.

12 (3) An agency that is reasonably expected to have responsibility
13 for providing facilities or services to be financed by a larger share
14 of the proceeds of special taxes and bonds of the district or districts
15 created or changed pursuant to the joint exercise of powers
16 agreement or the joint community facilities agreement than any
17 other local agency.

18 SEC. 9. Section 53317 of the Government Code is amended
19 to read:

20 53317. Unless the context otherwise requires, the definitions
21 contained in this article shall govern the construction of this
22 chapter.

23 (a) “Clerk” means the clerk of the legislative body of a local
24 agency.

25 (b) “Community facilities district” means a legally constituted
26 governmental entity established pursuant to this chapter for the
27 sole purpose of financing facilities and services.

28 (c) “Cost” means the expense of constructing or purchasing the
29 public facility and of related land, right-of-way, easements,
30 including incidental expenses, and the cost of providing authorized
31 services, including incidental expenses.

32 (d) “Debt” means any binding obligation to pay or repay a sum
33 of money, including obligations in the form of bonds, certificates
34 of participation, long-term leases, loans from government agencies,
35 or loans from banks, other financial institutions, private businesses,
36 or individuals, or long-term contracts.

37 (e) “Incidental expense” includes all of the following:

38 (1) The cost of planning and designing public facilities to be
39 financed pursuant to this chapter, including the cost of
40 environmental evaluations of those facilities.

(2) The costs associated with the creation of the district, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the district.

(3) Any other expenses incidental to the construction, completion, and inspection of the authorized work.

(f) “Landowner” or “owner of land” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of the land by the legislative body. The legislative body has no obligation to obtain other information as to the ownership of the land, and its determination of ownership shall be final and conclusive for the purposes of this chapter. A public agency is not a landowner or owner of land for purposes of this chapter, ~~unless the one of the following exists:~~

(1) The land owned by a public agency would be subject to a special tax pursuant to Section 53340.1, or unless the land owned by a public agency is within the territory of a military base that is closed or is being closed.

(2) The public agency has acquired the property by purchase or negotiation in connection with foreclosure of a special tax lien and it is intended that the property will be transferred to private ownership.

(3) The public agency states in the proceedings that its land is intended to be transferred to private ownership and provides in the proceedings that its land will be subject to the special tax on the same basis as private property within the district and affirmatively waives any defense based on the fact of public ownership, to any action to foreclose on the property in the event of nonpayment of the special tax.

(4) The land owned by a public agency is within the territory of a military base that is closed or is being closed.

(g) “Legislative body” means the legislative body or governing board of any local agency.

(h) “Local agency” means any city or county, whether general law or chartered, special district, school district, joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, redevelopment agency, or any other municipal corporation, district, or political subdivision of the state.

(i) “Rate” means a single rate of tax or a schedule of rates.

1 (j) “Services” means the provision of categories of services
2 identified in Section 53313. “Services” includes the performance
3 by employees of functions, operations, maintenance, and repair
4 activities. “Services” does not include activities or facilities
5 identified in Section 53313.5.

6 SEC. 10. Section 53318 of the Government Code is amended
7 to read:

8 53318. Proceedings for the establishment of a community
9 facilities district may be instituted by the legislative body on its
10 own initiative and shall be instituted by the legislative body when
11 any of the following occurs:

12 (a) A written request for the establishment of a district, signed
13 by two members of the legislative body, describing the boundaries
14 of the territory ~~which~~ *that* is proposed for inclusion in the area and
15 specifying the type or types of facilities and services to be financed
16 by the district, is filed with the legislative body.

17 (b) A petition requesting the institution of the proceedings signed
18 by the requisite number of registered voters, as specified in
19 subdivision (d) of Section 53319, *describing the boundaries of the*
20 *territory that is proposed for inclusion in the area and specifying*
21 *the type or types of facilities and services to be financed by the*
22 *district*, is filed with the clerk of the legislative body. The petition
23 may consist of any number of separate instruments, each of which
24 shall comply with all of the requirements of the petition, except
25 as to the number of signatures.

26 (c) A petition requesting the institution of the proceedings signed
27 by landowners owning the requisite portion of the area of the
28 proposed district, as specified in subdivision (d) of Section 53319,
29 *describing the boundaries of the territory that is proposed for*
30 *inclusion in the area and specifying the type or types of facilities*
31 *and services to be financed by the district*, is filed with the clerk
32 of the legislative body.

33 (d) The written request filed pursuant to subdivision (a) and the
34 petitions filed pursuant to ~~subdivisions (b) and (c)~~ *shall be*
35 ~~accompanied by subdivision (b)~~ *are not required to acted upon*
36 *until* the payment of a fee in an amount ~~which~~ *that* the legislative
37 body determines, *within 45 days of receiving the request or*
38 *petition*, is sufficient to compensate the legislative body for all
39 costs incurred in conducting proceedings to create a district
40 pursuant to this chapter. *A petition filed pursuant to subdivision*

1 *(c) may not be acted upon until payment of a fee in an amount that*
2 *the legislative body determines, within 45 days of receiving the*
3 *petition, is sufficient to compensate the legislative body for all*
4 *costs incurred in conducting proceedings to create a district*
5 *pursuant to this chapter.*

6 SEC. 11. Section 53319 of the Government Code is amended
7 to read:

8 53319. A petition requesting the institution of proceedings for
9 the establishment of a community facilities district shall do all of
10 the following:

11 (a) Request the legislative body to institute proceedings to
12 establish a community facilities district pursuant to this chapter.

13 (b) Describe the boundaries of the territory—~~which~~ *that* is
14 proposed for inclusion in the district.

15 (c) State the type or types of facilities and services *proposed* to
16 be financed by the district, *and may include proposals for any*
17 *additional information specified by Sections 53321, 53325.7, and*
18 *53345.*

19 (d) Be signed by not less than 10 percent of the registered voters
20 residing within the territory proposed to be included within the
21 district or by owners of not less than 10 percent of the area of land
22 proposed to be included within the district *and not proposed to be*
23 *exempt from the special tax.* If the legislative body finds that the
24 petition is signed by the requisite number of registered voters
25 residing within the territory proposed to be included within the
26 district or by the requisite number of owners of land proposed to
27 be included within the district, that finding shall be final and
28 conclusive.

29 SEC. 12. Section 53320 of the Government Code is amended
30 to read:

31 53320. Within 90 days after either a written request by two
32 members of the legislative body or a petition requesting the
33 institution of proceedings for the establishment of a community
34 facilities district is filed with the legislative body, ~~it~~ *and the*
35 *payment of any fee required under subdivision (d) of Section 53318,*
36 *the legislative body shall adopt a resolution of intention to establish*
37 *a community facilities district in the form specified in Section*
38 *53321.*

39 SEC. 13. Section 53321.5 of the Government Code is amended
40 to read:

53321.5. At the time of the adoption of the resolution of intention to establish a community facilities district, the legislative body shall direct each of its officers who is or will be responsible for providing one or more of the proposed types of public facilities or services to be financed by the district, if it is established, to study the proposed district and, at or before the time of the hearing, file a report with the legislative body containing a brief description of the public facilities and services by type ~~which~~ *that* will in his or her opinion be required to adequately meet the needs of the district and his or her estimate of the cost of providing those public facilities and services. If the purchase of completed public facilities or the payment of incidental expenses is proposed, the legislative body shall direct its appropriate officer to estimate the fair and reasonable cost of those facilities or incidental expenses. If removal or remedial action for the cleanup of any hazardous substance is proposed, the legislative body shall (a) direct its responsible officer to prepare or cause to be prepared, a remedial action plan based upon factors comparable to those described in subdivision ~~(e)~~ *(d)* of Section 25356.1 of the Health and Safety Code or (b) determine, on the basis of the particular facts and circumstances, ~~which~~ *that* shall be comparable to those described in subdivision ~~(g)~~ *(h)* of Section 25356.1 of the Health and Safety Code, that the remedial action plan is not required or (c) condition financing of the removal or remedial action upon approval of a remedial action plan pursuant to Section 25356.1 of the Health and Safety Code. All of those reports shall be made a part of the record of the hearing on the resolution of intention to establish the district.

SEC. 14. Section 53322.4 of the Government Code is amended to read:

53322.4. The clerk of the legislative body may also give notice of the hearing by first-class mail to each registered voter and to each landowner within the proposed district. This notice ~~shall be mailed at least 15 days before the hearing and~~ shall contain the same information as is required to be contained in the notice published pursuant to Section 53322.

SEC. 15. Section 53323 of the Government Code is amended to read:

53323. At the hearing, protests against the establishment of the district, the extent of the district, or the furnishing of specified types of public facilities or services within the district may be made

1 orally or in writing by any interested ~~persons or taxpayer~~ *person*.

2 Any protests pertaining to the regularity or sufficiency of the
3 proceedings shall be in writing and shall clearly set forth the
4 irregularities and defects to which objection is made. ~~All~~ Any
5 written ~~protests~~ *protest not personally presented by the author of*
6 *that protest at the hearing* shall be filed with the clerk of the
7 legislative body ~~on~~ *at* or before the time fixed for the hearing. The
8 legislative body may waive any irregularities in the form or content
9 of any written protest and at the hearing may correct minor defects
10 in the proceedings. Written protests may be withdrawn in writing
11 at any time before the conclusion of the hearing.

12 SEC. 16. Section 53324 of the Government Code is amended
13 to read:

14 53324. If 50 percent or more of the registered voters, or six
15 registered voters, whichever is more, residing within the territory
16 proposed to be included in the district, or the owners of one-half
17 or more of the area of the land in the territory proposed to be
18 included in the district and not exempt from the special tax, file
19 written protests against the establishment of the district, and
20 protests are not withdrawn so as to reduce the value of the protests
21 to less than a majority, no further proceedings to create the
22 specified community facilities district or to ~~levy~~ *authorize* the
23 specified special tax shall be taken for a period of one year from
24 the date of the decision of the legislative body.

25 If the majority protests of the registered voters or of the
26 landowners are only against the furnishing of a specified type or
27 types of facilities or services within the district, or against levying
28 a specified special tax, those types of facilities or services or the
29 specified special tax shall be eliminated from the resolution of
30 formation.

31 SEC. 17. Section 53325 of the Government Code is amended
32 to read:

33 53325. The hearing may be continued from time to time, but
34 shall be completed within 30 days, except that if the legislative
35 body finds that the complexity of the proposed district or the need
36 for public participation requires additional time, the hearing may
37 be continued from time to time for a period not to exceed six
38 months. The legislative body may modify the resolution of
39 intention by eliminating proposed facilities or services, or by
40 changing the rate or method of apportionment of the proposed

1 special tax so as to reduce the maximum special tax for all or a
2 portion of the owners of property within the proposed district, or
3 by removing territory from the proposed district. Any modifications
4 shall be made by action of the legislative body at the public
5 hearing. If the legislative body proposes to modify the resolution
6 of intention in a way that will increase the probable special tax to
7 be paid by the owner of any lot or parcel, it shall direct that a report
8 be prepared that includes a brief analysis of the impact of the
9 proposed modifications on the probable special tax to be paid by
10 the owners of lots or parcels in the district, and shall receive and
11 consider the report before approving the modifications or any
12 resolution of formation ~~which~~ *that* includes those modifications.
13 *The legislative body shall not modify the resolution of intention*
14 *to increase the maximum special tax or to add territory to the*
15 *proposed district.* At the conclusion of the hearing, the legislative
16 body may abandon the proposed establishment of the community
17 facilities district or may, after passing upon all protests, determine
18 to proceed with establishing the district.

19 SEC. 18. Section 53325.1 of the Government Code is amended
20 to read:

21 53325.1. (a) If the legislative body determines to establish the
22 district, it shall adopt a resolution of formation establishing the
23 district. The resolution of formation shall contain all of the
24 information required to be included in the resolution of intention
25 to establish the district specified in Section 53321. If a special tax
26 is proposed to be levied in the district to pay for any facilities or
27 services and the special tax has not been eliminated by majority
28 protest pursuant to Section 53324, the resolution shall:

29 (1) State that the proposed special tax to be levied within the
30 district has not been precluded by majority protest pursuant to
31 Section 53324.

32 (2) Identify any facilities or services proposed to be funded with
33 the special tax.

34 (3) Set forth the name, address, and telephone number of the
35 office, department, or bureau ~~which~~ *that* will be responsible for
36 preparing annually a current roll of special tax levy obligations by
37 assessor's parcel number and ~~which~~ *that* will be responsible for
38 estimating future special tax levies pursuant to Section ~~53340.1~~
39 *53340.2.*

(4) State that upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the district and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the legislative body ceases.

(5) Set forth the county of recordation and the book and page in the Book of Maps of Assessments and Community Facilities Districts in the county recorder's office where the boundary map of the proposed community facilities district has been recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code.

(b) In the resolution of formation adopted pursuant to subdivision (a), the legislative body shall determine whether all proceedings were valid and in conformity with the requirements of this chapter. If the legislative body determines that all proceedings were valid and in conformity with the requirements of this chapter, it shall make a finding to that effect and that finding shall be final and conclusive.

SEC. 19. Section 53325.7 of the Government Code is amended to read:

53325.7. The legislative body may submit a proposition to establish or change the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, of a community facilities district to the qualified electors of a proposed or established district. The proposition establishing or changing the appropriations limit shall become effective if approved by the qualified electors voting on the proposition and shall be adjusted for changes in the ~~cost of living~~ *per capita personal income in the state* and changes in populations, as defined by subdivisions (b) and (c) of Section 7901, except that the change in population may be estimated by the legislative body in the absence of an estimate by the Department of Finance, and in accordance with Section 1 of Article XIII B of the California Constitution. For purposes of adjusting for changes in population, the population of the district shall be deemed to be at least one person during each calendar year.

1 SEC. 20. Section 53326 of the Government Code is amended
2 to read:

3 53326. (a) The legislative body shall then submit the levy of
4 any special taxes to the qualified electors of the proposed
5 community facilities district subject to the levy or to the qualified
6 electors of the territory to be annexed by the community facilities
7 district ~~subject to the levy~~ in the next general election or in a special
8 election to be held, notwithstanding any other requirement,
9 including any requirement that elections be held on specified dates,
10 contained in the Elections Code, at least 90 days, but not more
11 than 180 days, following the adoption of the resolution of
12 formation. The legislative body shall provide the resolution of
13 formation, *the resolution deeming it necessary to incur bonded*
14 *indebtedness, if one is adopted*, a certified map of sufficient scale
15 and clarity to show the boundaries of the district, and a sufficient
16 description to allow the election official to determine the
17 boundaries of the district to the official conducting the election
18 within three business days after the adoption of the resolution of
19 formation. Assessor's parcel numbers for the land within the district
20 shall be included if it is a landowner election or the district does
21 not conform to an existing district's boundaries and if requested
22 by the official conducting the election. If the election is to be held
23 less than 125 days following the adoption of the resolution of
24 formation, the concurrence of the election official conducting the
25 election shall be required. However, any time limit specified by
26 this section or requirement pertaining to the conduct of the election,
27 including any time limit or requirement applicable to any election
28 conducted pursuant to Article 5 (commencing with Section 53345),
29 may be waived with the unanimous consent of the qualified electors
30 of the proposed district and the concurrence of the election official
31 conducting the election.

32 (b) Except as otherwise provided in subdivision (c), if at least
33 12 persons, who need not necessarily be the same 12 persons, have
34 been registered to vote within the territory of the proposed
35 community facilities district for each of the 90 days preceding the
36 close of the protest hearing, the vote shall be by the registered
37 voters of the proposed district, with each voter having one vote.
38 Otherwise, the vote shall be by the landowners of the proposed
39 district and each ~~landowner person~~ *landowner person* who is the owner of ~~record~~
40 *land* at the close of the protest hearing, or the authorized

1 representative thereof, shall have one vote for each acre or portion
2 of an acre of land that he or she owns within the proposed
3 community facilities district *not exempt from the special tax.*
4 *Ballots shall be executed by an owner of a parcel, or by a*
5 *representative of an owner lawfully appointed to represent the*
6 *owner for purposes of the election. Each person casting a ballot*
7 *assigned to a parcel of property who is not the owner of that*
8 *property must present written evidence to the local agency of that*
9 *person's authority to act for the owner for the election before*
10 *casting the ballot. If more than one of the record owners of an*
11 *identified parcel submits or wishes to submit a ballot, the votes*
12 *attributable to the parcel shall be allocated to ballots for each*
13 *owner in proportion to their respective record ownership interest,*
14 *rounded to the nearest one-tenth of a vote, or, if the ownership*
15 *interests are not shown on the record, as established to the*
16 *satisfaction of the local agency, the votes attributable to the parcel*
17 *shall be allocated by documentation submitted by those record*
18 *owners. The appointment of a representative to act for property*
19 *for a single specified landowner election under this chapter shall*
20 *not constitute a violation of any law prohibiting the impersonation*
21 *of voters or the inducement to vote in a particular fashion. The*
22 number of votes to be voted by a particular landowner shall be
23 specified on the ballot provided to that landowner. If the vote is
24 by landowners pursuant to this subdivision, the legislative body
25 shall determine that any facilities *or services* financed by the
26 district are necessary to meet increased demands placed upon local
27 agencies as the result of development or rehabilitation occurring
28 in the district.

29 (c) If the proposed special tax will not be apportioned in any
30 tax year on any portion of property in residential use in that tax
31 year, as determined by the legislative body, the legislative body
32 may provide that the vote shall be by the landowners of the
33 proposed district whose property would be subject to the tax if it
34 were levied at the time of the election. Each of these landowners
35 shall have one vote for each acre, or portion thereof, that the
36 landowner owns within the proposed district ~~which~~ *that* would be
37 subject to the proposed tax if it were levied at the time of the
38 election.

39 (d) Ballots for the special election authorized by subdivision
40 (a) may be distributed to qualified electors by mail with return

1 postage prepaid or by personal service by the election official. The
2 official conducting the election may certify the proper mailing of
3 ballots by an affidavit, ~~which~~ *that* shall constitute conclusive proof
4 of mailing in the absence of fraud. The voted ballots shall be
5 returned to the election officer conducting the election not later
6 than the hour specified in the resolution calling the election.
7 However, if all the qualified voters have voted, the election may
8 be closed with the concurrence of the official conducting the
9 election.

10 SEC. 21. Section 53327 of the Government Code is amended
11 to read:

12 53327. (a) Except as otherwise provided in this chapter, the
13 provisions of law regulating elections of the local agency that calls
14 an election pursuant to this chapter, insofar as they may be
15 applicable, shall govern all elections conducted pursuant to this
16 chapter. Except as provided in subdivision (b), there shall be
17 prepared and included in the ballot material provided to each voter
18 an impartial analysis pursuant to Section 9160, 9280, or 9500 of
19 the Elections Code, and arguments and rebuttals, if any, pursuant
20 to Sections 9162 to 9167, inclusive, and 9190 of the Elections
21 Code or pursuant to Sections 9281 to 9287, inclusive, and 9295
22 of the Elections Code, or pursuant to Sections 9501 to 9507,
23 inclusive, of the Elections Code, or pursuant to other provisions
24 of law applicable to other special districts as appropriate.

25 (b) If the vote is to be by the landowners of the proposed district,
26 analysis and arguments may be waived with the unanimous consent
27 of all the landowners and shall be so stated in the order for the
28 election. When the ~~local agency is a school district and the~~ vote
29 is to be by the landowners of the proposed district, the legislative
30 body of the ~~school district~~ *local agency* may authorize an official
31 of the ~~district~~ *local agency* to conduct the election, including
32 preparation of analysis and compilation of arguments.

33 SEC. 22. Section 53328 of the Government Code is amended
34 to read:

35 53328. ~~(a) Except as otherwise provided in subdivision (b),~~
36 ~~after~~ *After* the canvass of returns of any election pursuant to Section
37 53326, the legislative body may, *pursuant to Section 53340*, levy
38 any special tax as specified in the resolution of formation adopted
39 pursuant to subdivision (a) of Section 53325.1 within the territory

1 of the district if two-thirds of the votes cast upon the question of
2 levying the tax are in favor of levying that tax.

3 ~~(b) A special tax may be levied to provide the services specified~~
4 ~~in subdivision (c) of Section 53313 only if at least 12 persons, who~~
5 ~~need not necessarily be the same 12 persons, have been registered~~
6 ~~to vote within the territory of the proposed community facilities~~
7 ~~district for each of the 90 days preceding the close of the protest~~
8 ~~hearing and if two-thirds of the votes cast upon the question of~~
9 ~~levying the tax are in favor of levying the tax. The limitation~~
10 ~~contained in this subdivision does not apply to any election subject~~
11 ~~to subdivision (c) of Section 53326 where only the landowners~~
12 ~~have the right to vote on a proposed special tax.~~

13 SEC. 23. Section 53328.3 of the Government Code is amended
14 to read:

15 53328.3. Upon a determination by the legislative body that the
16 requisite two-thirds of votes cast in an election held pursuant to
17 Section 53326 are in favor of levying the special tax, the clerk of
18 the legislative body shall, *within 15 days of a landowner election*
19 *or within 90 days of a registered voter election*, record the notice
20 of special tax lien provided for in Section 3114.5 of the Streets
21 and Highways Code, whereupon the lien of the special tax shall
22 attach as provided in Section 3115.5 of the Streets and Highways
23 Code. The notice of special tax lien shall be recorded in the office
24 of the county recorder in each county ~~in which~~ *that* any portion of
25 the district is located.

26 SEC. 24. Section 53329 of the Government Code is amended
27 to read:

28 53329. After the canvass of returns of any election conducted
29 pursuant to Section 53326, the legislative body shall take no further
30 action with respect to ~~levying~~ *authorizing* the specified special tax
31 within the community facilities district for one year from the date
32 of the election if the question of ~~levying~~ *authorizing* that specified
33 special tax fails to receive approval by two-thirds of the votes cast
34 upon the question.

35 SEC. 25. Section 53330.3 of the Government Code is amended
36 to read:

37 53330.3. Under no circumstances shall any buyer or prospective
38 buyer of any completed structure for which a certificate of
39 occupancy for private residential use has been issued which is
40 located within any district formed pursuant to this chapter be asked,

1 required, or otherwise induced to waive any right to petition or *to*
2 take any other action authorized pursuant to this article. No
3 contract, agreement, or covenant shall be binding with respect to
4 such a waiver.

5 SEC. 26. Section 53330.5 of the Government Code is amended
6 to read:

7 53330.5. Upon approval of a special tax pursuant to Article 2
8 (commencing with Section 53318), the special tax may be levied
9 only at the rate and may be apportioned only in the manner
10 specified in the resolution of formation, except as provided in this
11 article, and except that the legislative body may levy the special
12 tax at a rate lower than that specified in the resolution. In addition,
13 the special tax may be levied only so long as it is needed to pay
14 the principal and interest on debt incurred in order to construct
15 facilities under authority of this chapter, or so long as it is needed
16 to pay the costs and incidental expenses of services or of the
17 construction of facilities authorized by this chapter.

18 When the legislative body determines that the special tax shall
19 cease to be levied, the legislative body shall direct the clerk to
20 record a Notice of Cessation of Special Tax ~~which~~ *that* shall state
21 that the obligation to pay the special tax has ceased and that the
22 lien imposed by the Notice of Special Tax Lien recorded in Book
23 _____, and Page _____ of *as recorder's serial or document number*
24 _____ in the records of the County Recorder of _____ County, State
25 of California, is extinguished. The Notice of Cessation of Special
26 Tax shall additionally identify the book and page of the Book of
27 Maps of Assessment and Community Facilities Districts wherein
28 the map of the boundaries of the district is recorded.

29 SEC. 27. Section 53332 of the Government Code is amended
30 to read:

31 53332. (a) If a petition signed by 25 percent or more of the
32 registered voters residing in the district, or by the owners of 25
33 percent or more of the ~~territory~~ *land* within the district *not exempt*
34 *from the special tax*, is filed with the legislative body requesting
35 that proceedings be commenced to change the types of public
36 facilities or services financed by the district or that the rate or
37 method of apportionment of an existing special tax be changed,
38 *or that territory to be removed from the district*, or that a new
39 special tax be levied, the legislative body shall within 40 days
40 ~~thereafter~~ *of the payment of the fee determined under subdivision*

(b) adopt a resolution of consideration in the form specified in Section 53334 to make those changes within the community facilities district except that an existing special tax being used to pay off any debt incurred ~~in order to build or acquire capital facilities~~ under this chapter shall not be reduced or terminated if doing so would interfere with the timely retirement of that debt.

~~(b) Any petition filed by landowners shall be accompanied by the payment of the fee which the legislative body determines. That fee may be imposed in an amount sufficient to compensate the legislative body.~~ *Upon receipt of any petition filed by landowners under this section, the legislative body shall, within 45 days, determine the amount of a fee sufficient to compensate the local agency for all costs incurred in conducting proceedings to change the district pursuant to this article. Upon receipt of any petition filed by registered voters under this section, the legislative body may charge a fee, within 45 days, sufficient to compensate the local agency for all costs incurred in conducting proceedings to change the district pursuant to this article.*

SEC. 28. Section 53336 of the Government Code is amended to read:

53336. At the hearing, protests against the proposals described in the resolution may be made orally, or in writing by any interested persons. Any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities or defects to which objection is made. All written protests *not personally presented by the author thereof at the hearing* shall be filed with the clerk of the legislative body ~~on~~ at or before the time fixed for the hearing. The legislative body may waive any irregularities in the form or content of any written protest and at the hearing may correct minor defects in the proceedings. Written protests may be withdrawn in writing at any time before the conclusion of the hearing.

SEC. 29. Section 53339 of the Government Code is amended to read:

~~53339. The legislative body of a community facilities district may annex territory.~~ *Territory may be annexed* to an existing community facilities district as provided in this article. The annexed territory need not be contiguous to territory included in the existing community facilities district. The territory proposed to be annexed to the community facilities district may be territory located outside

1 the territorial limits of the agency—~~which~~ *that* formed the
2 community facilities district provided that the territory to be
3 annexed to the community facilities district will be annexed to the
4 respective agency prior to, or concurrently with, the annexation
5 of the subject territory to the community facilities district and, if
6 the annexation of the subject territory to the respective agency is
7 not completed, the subject territory shall not be annexed to the
8 community facilities district. The legislative body of the *agency*
9 *that created the* community facilities district shall not adopt a
10 resolution of intention pursuant to Section 53339.2 if the territory
11 proposed to be annexed includes territory ~~which~~ *that* is outside the
12 territorial limits of ~~the~~ *that* agency ~~which formed the community~~
13 ~~facilities district~~ unless an initial action, petition, or filing for the
14 annexation of that territory to the respective agency has been
15 adopted or filed, as appropriate.

16 SEC. 30. Section 53339.2 of the Government Code is amended
17 to read:

18 53339.2. If the legislative body of *the local agency that created*
19 a community facilities district determines that public convenience
20 and necessity require that territory be added to ~~an~~ *the* existing
21 community facilities district, or if the voters residing within certain
22 territory or landowners request the legislative body to include
23 territory within the district, the legislative body may adopt a
24 resolution of intention to annex the territory or to provide for future
25 annexation of the territory.

26 SEC. 31. Section 53339.3 of the Government Code is amended
27 to read:

28 53339.3. The resolution of intention to annex the territory or
29 to provide for future annexation of territory shall do all of the
30 following:

31 (a) State the name of the existing community facilities district.

32 (b) Generally describe the territory included in the existing
33 district and the territory proposed to be annexed. As an alternative,
34 the resolution may identify territory proposed for annexation in
35 the future, with the condition that parcels within that territory may
36 be annexed only with the unanimous approval of the owner or
37 owners of each parcel or parcels at the time that parcel or those
38 parcels are annexed.

39 (c) Specify the types of public facilities and services provided
40 pursuant to this chapter in the existing district and the types of

1 public facilities and services to be provided in the territory
2 proposed to be annexed or to be annexed in the future; and include
3 a plan for sharing facilities and providing services that will be
4 provided in common within the existing district and the territory
5 proposed to be annexed or to be annexed in the future.

6 (d) Specify any special taxes ~~which~~ *that* would be levied within
7 the territory proposed to be annexed or to be annexed in the future
8 to pay for public facilities and services provided pursuant to this
9 chapter within that territory. A special tax proposed to pay for
10 services to be supplied within the territory proposed to be annexed
11 or to be annexed in the future shall be equal to any special tax
12 levied to pay for the same services in the existing district, except
13 that a higher or lower tax may be levied within the territory
14 proposed to be annexed or to be annexed in the future to the extent
15 that the actual cost of providing the services in that territory is
16 higher or lower than the cost of providing those services in the
17 existing district. A special tax proposed to pay for public facilities
18 financed with bonds *that have already been issued and that are*
19 secured by the existing community facilities district shall be the
20 same as the tax levied in the existing district for that purpose,
21 except that a higher special tax may be levied for that purpose
22 within the territory proposed to be annexed or to be annexed in
23 the future to compensate for the interest and principal previously
24 paid by the existing community facilities district, less any
25 depreciation allocable to the public facility. *This section shall not*
26 *be construed to limit the levy of a special tax within the territory*
27 *to be annexed or to be annexed in the future to provide new or*
28 *additional services beyond those supplied within the existing*
29 *territory of the district, or to pay for new or additional public*
30 *facilities, with or without bond financing.*

31 (e) ~~Specify any alteration in the special tax rate in quantitative~~
32 ~~terms, any change in the legislative body's expectations with~~
33 ~~respect to the probable special tax rate to be levied within the~~
34 existing community facilities district as a result of the proposed
35 annexation. The maximum tax rate in the existing community
36 facilities district may not be increased as a result of proceedings
37 pursuant to this article.

38 (f) Fix a time and place for a hearing upon the resolution ~~which~~
39 *that* shall not be less than 30 nor more than 60 days after the
40 adoption by the legislative body of the resolution of intention to

1 annex territory or to provide for future annexation of territory
2 pursuant to Section 53339.2.

3 SEC. 32. Section 53339.5 of the Government Code is amended
4 to read:

5 53339.5. At the hearing, protests against the proposals
6 described in the resolution of intention may be made orally *or in*
7 *writing* by any interested person. Any protests pertaining to the
8 regularity or sufficiency of the proceedings shall be in writing and
9 shall clearly set forth the irregularities or defects to which objection
10 is made. All written protests shall be filed with the clerk of the
11 legislative body prior to the time fixed *not personally presented*
12 *by the author thereof at the hearing* for the hearing. The legislative
13 body may waive any irregularities in the form or content of any
14 written protest and at the hearing may correct minor defects in the
15 proceedings. Written protests may be withdrawn in writing at any
16 time before the conclusion of the hearing.

17 SEC. 33. Section 53339.6 of the Government Code is amended
18 to read:

19 53339.6. If 50 percent or more of the registered voters, or six
20 registered voters, whichever is more, residing within the existing
21 community facilities district, or if 50 percent or more of the
22 registered voters or six registered voters, whichever is more,
23 residing within the territory proposed for annexation or proposed
24 to be annexed in the future, or if the owners of one-half or more
25 of the area of land in the territory included in the existing district
26 *and not exempt from special tax*, or if the owners of one-half or
27 more of the area of land in the territory proposed to be annexed or
28 proposed to be annexed in the future, file written protests against
29 the proposed annexation of territory to the existing community
30 facilities district or the proposed addition of territory to the existing
31 community facilities district in the future, and protests are not
32 withdrawn so as to reduce the protests to less than a majority, no
33 further proceedings *to annex the same territory, or to authorize*
34 *the same territory to be annexed in the future*, shall be undertaken
35 for a period of one year from the date of decision of the legislative
36 body on the issues discussed at the hearing.

37 SEC. 34. Section 53339.7 of the Government Code is amended
38 to read:

39 53339.7. (a) The hearing may be continued from time to time,
40 but shall be completed within 30 days. At the conclusion of the

1 hearing, the legislative body may abandon the proceedings, may,
2 after passing upon all protests, submit the question of levying a
3 special tax within the area proposed to be annexed to the existing
4 community facilities district to the qualified electors of the area
5 proposed to be annexed as specified in Article 2 (commencing
6 with Section 53318), or may provide for the annexation of territory
7 proposed for annexation in the future upon the unanimous approval
8 of the owner or owners of each parcel or parcels at the time that
9 the parcel or parcels are annexed, without additional hearings.

10 (b) Notwithstanding any other provision of law, when the
11 question of levying a special tax within the areas proposed to be
12 annexed into an existing community facilities district appears on
13 the same ballot as the question of annexation of the same territory
14 to a ~~school district~~ *local agency* the effectiveness of each ballot
15 measure may be made contingent on the passage of the other ballot
16 measure.

17 SEC. 35. Section 53339.8 of the Government Code is amended
18 to read:

19 53339.8. (a) After the canvass of returns of any election
20 conducted in accordance with Section 53339.7, the legislative body
21 shall determine that the area proposed to be annexed is added to
22 and part of the existing community facilities district with full legal
23 effect, and the legislative body may levy any special tax within
24 the annexed territory, as specified in the resolution of intention to
25 annex adopted pursuant to Section 53339.2, *and as specified in*
26 *the ordinance adopted pursuant to Section 53340*, if two-thirds of
27 the votes cast on the proposition are in favor of levying the special
28 tax.

29 (b) Upon a determination by the legislative body that the area
30 proposed to be annexed is added to the existing community
31 facilities district, the clerk of the legislative body shall record
32 notice of the annexation pursuant to Section 3117.5 of the Streets
33 and Highways Code.

34 SEC. 36. Section 53340 of the Government Code is amended
35 to read:

36 53340. (a) After a community facilities district has been
37 created and authorized to levy specified special taxes pursuant to
38 Article 2 (commencing with Section 53318), Article 3
39 (commencing with Section 53330), or Article 3.5 (commencing
40 with Section 53339), the legislative body may, by ordinance, levy

1 the special taxes at the rate and apportion them in the manner
2 specified in the resolution adopted pursuant to Article 2
3 (commencing with Section 53318), Article 3 (commencing with
4 Section 53330), or Article 3.5 (commencing with Section 53339).

5 (b) The legislative body may provide, by resolution, for the levy
6 of the special tax in the current tax year or future tax years at the
7 same rate or at a lower rate than the rate provided by *the* ordinance,
8 if the resolution is adopted and a certified list of all parcels subject
9 to the special tax levy including the amount of the tax to be levied
10 on each parcel for the applicable tax year, is filed by the clerk or
11 other official designated by the legislative body with the county
12 auditor on or before the 10th day of August of that tax year. The
13 clerk or other official designated by the legislative body may file
14 the certified list after the 10th of August but not later than the 21st
15 of August if the clerk or other official obtains prior written consent
16 of the county auditor.

17 (c) Properties or entities of the state, federal, or ~~other~~ local
18 governments shall, except *for properties that a local agency is a*
19 *landowner of within the meaning of subdivision (f) of Section*
20 *53317, or except* as otherwise provided in Section 53317.3, be
21 exempt from the special tax. No other properties or entities are
22 exempt from the special tax unless the properties or entities are
23 expressly exempted in the resolution of formation to establish a
24 district adopted pursuant to Section 53325.1 or in a resolution of
25 consideration to levy a new special tax or special taxes or to alter
26 the rate or method of apportionment of an existing special tax as
27 provided in Section 53334.

28 (d) The proceeds of any special tax may only be used to pay,
29 in whole or part, the cost of providing public facilities, services,
30 and incidental expenses pursuant to this chapter.

31 (e) The special tax shall be collected in the same manner as
32 ordinary ad valorem property taxes are collected and shall be
33 subject to the same penalties and the same procedure, sale, and
34 lien priority in case of delinquency as is provided for ad valorem
35 taxes, unless another procedure has been authorized in the
36 resolution of formation establishing the district and adopted by
37 the legislative body.

38 (f) (1) Notwithstanding subdivision (e), the legislative body of
39 the district may waive *all or any specified portion of the*

1 delinquency penalties and redemption penalties if it makes all of
2 the following determinations:

3 (A) The waivers shall apply only to parcels delinquent at the
4 time of the determination.

5 (B) The waivers shall be available only with respect to parcels
6 ~~for which~~ *that* all past due and currently due special taxes and all
7 other costs due are paid in full within a limited period of time
8 specified in the determination.

9 (C) The waivers shall be available only with respect to parcels
10 sold or otherwise transferred to new owners unrelated to the owner
11 responsible for the delinquency.

12 (D) The waivers are in the best interest of the debtholders.

13 (2) The charges with penalties to be waived shall be removed
14 from the tax roll pursuant to Section 53356.2 and local
15 administrative procedures, and any distributions made to the district
16 prior to collection pursuant to Chapter 3 (commencing with Section
17 4701) of Part 8 of Division 1 of the Revenue and Taxation Code
18 shall be repaid by the district prior to granting the waiver.

19 (g) The tax collector may collect the special tax at intervals as
20 specified in the resolution of formation, including intervals
21 different from the intervals ~~at which~~ *that* the ordinary ad valorem
22 property taxes are collected. The tax collector may deduct the
23 reasonable administrative costs incurred in collecting the special
24 tax.

25 (h) All special taxes levied by a community facilities district
26 shall be secured by the lien imposed pursuant to Section 3115.5
27 of the Streets and Highways Code. This lien shall be a continuing
28 lien and shall secure each levy of special taxes. The lien of the
29 special tax shall continue in force and effect until the special tax
30 obligation is prepaid, permanently satisfied, and canceled in
31 accordance with Section 53344 or until the special tax ceases to
32 be levied by the legislative body in the manner provided in Section
33 53330.5. If any portion of a parcel is encumbered by a lien pursuant
34 to this chapter, the entirety of the parcel shall be encumbered by
35 that lien.

36 SEC. 37. Section 53340.2 of the Government Code is amended
37 to read:

38 53340.2. (a) The legislative body levying the special tax shall
39 designate an office, department, or bureau of the local agency
40 ~~which~~ *that* shall be responsible for annually preparing the current

1 roll of special tax levy obligations by assessor's parcel number on
2 nonexempt property within the district and ~~which~~ *that* will be
3 responsible for estimating future special tax levies. The designated
4 office, department, or bureau shall be the same office, department,
5 or bureau that prepares the "NOTICE OF ASSESSMENT" required
6 by Section 53754. If notice is required under both this section and
7 Section 53754, the notices shall, to the extent feasible, be combined
8 into a single notice document. The designated office, department,
9 or bureau shall establish procedures to promptly respond to
10 inquiries concerning current and future estimated tax liability.
11 Neither the designated office, department, or bureau, nor the
12 legislative body, shall be liable if any estimate of future tax liability
13 is inaccurate, nor for any failure of any seller to request a Notice
14 of Special Tax or to provide the notice to a buyer.

15 (b) For purposes of enabling sellers of real property subject to
16 the levy of special taxes to satisfy the notice requirements of
17 ~~subdivision (b) of Section 1102.6~~ *1102.6b* of the Civil Code, the
18 designated office, department, or bureau shall furnish a Notice of
19 Special Tax to any individual requesting the notice or any owner
20 of property subject to a special tax levied by the local agency within
21 five working days of receiving a request for ~~such~~ *the* notice. The
22 local agency may charge a ~~reasonable~~ fee for this service not to
23 exceed ~~ten dollars (\$10.00)~~ *the estimated reasonable cost of*
24 *providing the service.*

25 (c) The notice shall contain the heading "NOTICE OF SPECIAL
26 TAX" in type no smaller than 8-point type, and shall be in
27 substantially the following form. The form may be modified as
28 needed to clearly and accurately describe the tax structure and
29 other characteristics of districts created before January 1, 1993, or
30 to clearly and accurately consolidate information about the tax
31 structure and other characteristics of two or more districts that levy
32 or are authorized to levy special taxes with respect to the lot, parcel,
33 or unit, *or to clearly and accurately describe a tax rate that will*
34 *change with a change in use of the parcel, or to clearly and*
35 *accurately describe a tax that will be levied only once.* The notice
36 shall be completed by the designated office, department, or bureau
37 except for the signatures and date of signing:

1 NOTICE OF SPECIAL TAX

2
3 COMMUNITY FACILITIES DISTRICT NO. _____

4 COUNTY OF _____, CALIFORNIA

5
6 TO: THE PROSPECTIVE PURCHASER OF THE REAL
7 PROPERTY KNOWN AS: _____8
9
10 THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR
11 PURCHASING THIS PROPERTY.
1213 ~~This~~

14 (1) ~~This~~ property is subject to a special tax, ~~which that~~ is in
15 addition to the regular property taxes and any other charges and
16 benefit assessments on the parcel. This special tax ~~may not be~~ is
17 ~~not necessarily~~ imposed on all parcels within the city or county
18 where the property is located. If you fail to pay this tax when due
19 each year, the property may be foreclosed upon and sold. The tax
20 is used to provide public facilities ~~or and/or~~ services that are likely
21 to particularly benefit the property. YOU SHOULD TAKE THIS
22 TAX AND THE BENEFITS FROM THE PUBLIC FACILITIES
23 AND SERVICES FOR WHICH IT PAYS INTO ACCOUNT IN
24 DECIDING WHETHER TO BUY THIS PROPERTY.

25 (2) The maximum special tax ~~which that~~ may be levied against
26 this parcel to pay for public facilities is \$ _____ during the _____
27 tax year. This amount will increase by _____ percent per year after
28 that (if applicable). The special tax will be levied each year until
29 all of the authorized facilities are built and all special tax bonds
30 are repaid, but in any case not after the _____ tax year.

31 An additional special tax will be used to pay for ongoing
32 services, if applicable. The maximum amount of this tax is _____
33 dollars (\$ _____) during the _____ tax year. This amount may
34 increase by _____, if applicable, and may be levied until the
35 _____ tax year (or forever, as applicable).

36 (3) The authorized facilities ~~which that~~ are being paid for by
37 the special taxes, and by the money received from the sale of bonds
38 ~~which that~~ are being repaid by the special taxes, are:

39 These facilities may not yet have all been constructed or acquired
40 and it is possible that some may never be constructed or acquired.

1 In addition, the special taxes may be used to pay for costs of the
2 following services:

3 YOU MAY OBTAIN A COPY OF THE RESOLUTION OF
4 FORMATION-~~WHICH~~ *THAT* AUTHORIZED CREATION OF
5 THE COMMUNITY FACILITIES DISTRICT, AND-~~WHICH~~
6 *THAT* SPECIFIES MORE PRECISELY HOW THE SPECIAL
7 TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE
8 TAX WILL BE USED, FROM THE _____ (name of
9 jurisdiction) BY CALLING _____ (telephone number). THERE
10 MAY BE A CHARGE FOR THIS DOCUMENT NOT TO
11 EXCEED THE ESTIMATED REASONABLE COST OF
12 PROVIDING THE DOCUMENT.

13 I (WE) ACKNOWLEDGE THAT I (WE) HAVE RECEIVED
14 A COPY OF THIS NOTICE. I (WE) UNDERSTAND THAT I
15 (WE) MAY TERMINATE THE CONTRACT TO PURCHASE
16 OR DEPOSIT RECEIPT AFTER RECEIVING THIS NOTICE
17 FROM THE OWNER OR AGENT SELLING THE PROPERTY.
18 THE CONTRACT MAY BE TERMINATED WITHIN THREE
19 DAYS IF THE NOTICE WAS RECEIVED IN PERSON OR
20 WITHIN FIVE DAYS AFTER IT WAS DEPOSITED IN THE
21 MAIL BY GIVING WRITTEN NOTICE OF THAT
22 TERMINATION TO THE OWNER OR AGENT SELLING THE
23 PROPERTY.

24
25 DATE: _____

26 _____
27 _____

28 SEC. 38. Section 53341.5 of the Government Code is amended
29 to read:

30 53341.5. (a) If a lot, parcel, or unit of a subdivision is subject
31 to a special tax levied pursuant to this chapter, the subdivider, his
32 or her agent, or representative, shall not sell, or lease for a term
33 exceeding five years, or permit a prospective purchaser or lessor
34 to sign a contract of purchase or a deposit receipt or any
35 substantially equivalent document in the event of a lease with
36 respect to the lot, parcel, or unit, or cause it to be sold or leased
37 for a term exceeding five years, until the prospective purchaser or
38 lessee of the lot, parcel, or unit has been furnished with and has
39 signed a written notice as provided in this section. The notice shall
40 contain the heading "NOTICE OF SPECIAL TAX" in type no

1 smaller than 8-point type, and shall be in substantially the following
2 form. The form may be modified as needed to clearly and
3 accurately describe the tax structure and other characteristics of
4 districts created before January 1, 1993, or to clearly and accurately
5 consolidate information about the tax structure and other
6 characteristics of two or more districts that levy or are authorized
7 to levy special taxes with respect to the lot, parcel, or unit:

8
9 NOTICE OF SPECIAL TAX
10 COMMUNITY FACILITIES DISTRICT NO. ____
11 COUNTY OF ____, CALIFORNIA
12

13 TO: THE PROSPECTIVE PURCHASER OF THE
14 REAL PROPERTY KNOWN AS:
15
16 _____
17 _____
18

19 THIS IS A NOTIFICATION TO YOU PRIOR TO YOUR
20 ENTERING INTO A CONTRACT TO PURCHASE THIS
21 PROPERTY. THE SELLER IS REQUIRED TO GIVE YOU THIS
22 NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO
23 INDICATE THAT YOU HAVE RECEIVED AND READ A
24 COPY OF THIS NOTICE.

25 (1) This property is subject to a special tax, ~~which~~ *that* is in
26 addition to the regular property taxes and any other charges, fees,
27 special taxes, and benefit assessments on the parcel. It is imposed
28 on this property because it is a new development, and ~~may not be~~
29 *is not necessarily* imposed generally upon property outside of this
30 new development. If you fail to pay this tax when due each year,
31 the property may be foreclosed upon and sold. The tax is used to
32 provide public facilities or services that are likely to particularly
33 benefit the property. YOU SHOULD TAKE THIS TAX AND
34 THE BENEFITS FROM THE FACILITIES AND SERVICES
35 ~~FOR WHICH THAT~~ IT PAYS INTO ACCOUNT IN DECIDING
36 WHETHER TO BUY THIS PROPERTY.

37 (2) The maximum special tax ~~which~~ *that* may be levied against
38 this parcel to pay for public facilities is \$_____ during the
39 ____–__ tax year. This amount will increase by __ percent per
40 year after that (if applicable). The special tax will be levied each

1 year until all of the authorized facilities are built and all special
2 tax bonds are repaid, but in any case not after the ____—__ tax
3 year. An additional special tax will be used to pay for ongoing
4 service costs, if applicable. The maximum amount of this tax is
5 ____ dollars (\$____) during the ____—__ tax year. This amount
6 may increase by ____, if applicable, and that part may be levied
7 until the ____—__ tax year (or forever, as applicable).

8 (3) The authorized facilities—~~which~~ *that* are being paid for by
9 the special taxes, and by the money received from the sale of bonds
10 ~~which~~ *that* are being repaid by the special taxes, are:

11 These facilities may not yet have all been constructed or acquired
12 and it is possible that some may never be constructed or acquired.

13 In addition, the special taxes may be used to pay for costs of the
14 following services:

15 YOU MAY OBTAIN A COPY OF THE RESOLUTION OF
16 FORMATION—~~WHICH~~ *THAT* AUTHORIZED CREATION OF
17 THE COMMUNITY FACILITIES DISTRICT, AND—~~WHICH~~
18 *THAT* SPECIFIES MORE PRECISELY HOW THE SPECIAL
19 TAX IS APPORTIONED AND HOW THE PROCEEDS OF THE
20 TAX WILL BE USED, FROM THE ____ (name of jurisdiction)
21 BY CALLING ____ (telephone number). THERE MAY BE A
22 CHARGE FOR THIS DOCUMENT NOT TO EXCEED THE
23 REASONABLE COST OF PROVIDING THE DOCUMENT.

24 I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS
25 NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR
26 TO ENTERING INTO A CONTRACT TO PURCHASE OR
27 *SIGNING* A DEPOSIT RECEIPT WITH RESPECT TO THE
28 ABOVE-REFERENCED PROPERTY. I (WE) UNDERSTAND
29 THAT I (WE) MAY TERMINATE THE CONTRACT TO
30 PURCHASE OR DEPOSIT RECEIPT WITHIN THREE DAYS
31 AFTER RECEIVING THIS NOTICE IN PERSON OR WITHIN
32 FIVE DAYS AFTER IT WAS DEPOSITED IN THE MAIL BY
33 GIVING WRITTEN NOTICE OF THAT TERMINATION TO
34 THE OWNER, SUBDIVIDER, OR AGENT SELLING THE
35 PROPERTY.

36
37 DATE: _____
38 _____
39 _____
40 _____

(b) “Subdivision,” as used in subdivision (a), means improved or unimproved land that is divided or proposed to be divided for the purpose of sale, lease, or financing, whether immediate or future, into two or more lots, parcels, or units and includes a condominium project, as defined by Section 1350 of the Civil Code, a community apartment project, a stock cooperative, and a limited-equity housing cooperative, as defined in Sections 11004, 11003.2, and 11003.4, respectively, of the Business and Professions Code.

(c) The buyer shall have three days after delivery in person or five days after delivery by deposit in the mail of any notice required by this section, to terminate his or her agreement by delivery of written notice of that termination to the owner, subdivider, or agent.

(d) The failure to furnish the notice to the buyer or lessee, and failure of the buyer or lessee to sign the notice of a special tax, shall not invalidate any grant, conveyance, lease, or encumbrance.

(e) Any person or entity who willfully violates the provisions of this section shall be liable to the purchaser of a lot or unit ~~which~~ *that* is subject to the provisions of this section, for actual damages, and in addition thereto, shall be guilty of a public offense punishable by a fine in an amount not to exceed five hundred dollars (\$500). In an action to enforce ~~such a~~ liability or fine, the prevailing party shall be awarded reasonable attorney’s fees.

SEC. 39. Section 53342 of the Government Code is repealed.

~~53342. For any community facilities district or zone thereof, a legislative body may fix and collect charges in the same manner as for miscellaneous extended services in county service areas.~~

SEC. 40. Section 53343 of the Government Code is amended to read:

53343. Any ~~charges~~ *special taxes* collected pursuant to this chapter may only be used for facilities and services authorized by this chapter.

SEC. 41. Section 53343.1 of the Government Code is amended to read:

53343.1. For any community facilities district formed after January 1, 1992, the community facilities district shall, prepare, if requested by a person who resides in or owns property in the district, within 120 days after the last day of each fiscal year, a separate document titled an “Annual Report.” The district may charge a fee for the report not exceeding the actual costs of

1 preparing the report. The report shall include the following
2 information for the fiscal year:

3 (a) The amount of special taxes collected for the year.

4 (b) The amount of other moneys collected for the year and their
5 source, including interest earned.

6 (c) The amount of moneys expended for the year.

7 (d) A summary of the amount of moneys expended for the
8 following:

9 (1) Facilities, including property.

10 (2) Services.

11 (3) The costs of bonded indebtedness.

12 (4) The costs of collecting the special tax under Section 53340.

13 (5) Other administrative and overhead costs.

14 (e) For moneys expended for facilities, including property, an
15 identification of the categories of each type of facility funded with
16 amounts expended in each category, including the total percentage
17 of the cost of each type of facility that was funded with bond
18 proceeds or special taxes.

19 (f) For moneys expended for services, an identification of the
20 categories of each type of service funded with amounts expended
21 in each category, including the total percentage of the cost of each
22 type of service that was funded with bond proceeds or special
23 taxes.

24 (g) For moneys expended for other administrative costs, an
25 identification of each of these costs.

26 ~~(h) A certification and explanation by the district of how the~~
27 ~~moneys described in subdivisions (d), (e), (f), and (g) comply with~~
28 ~~Section 53343.~~

29 ~~The Annual Report shall contain references to the relevant~~
30 ~~sections of the resolution of formation of the district so that~~
31 ~~interested persons may confirm that bond proceeds and special~~
32 ~~taxes are being used for authorized purposes. The annual report~~
33 ~~shall be made available to the public upon request.~~

34 *(h) The Annual Report shall contain references to the relevant*
35 *sections of the resolution of formation of the district so that*
36 *interested persons may confirm that bond proceeds and special*
37 *taxes are being used for authorized purposes. The annual report*
38 *shall be made available to the public upon request.*

39 SEC. 42. Section 53344 of the Government Code is amended
40 to read:

1 53344. In the event that the legislative body has specified
2 conditions pursuant to Section 53321 under which the obligation
3 to pay the special tax identified therein may be prepaid and
4 permanently satisfied, and if the special tax is so prepaid and
5 permanently satisfied as to a particular parcel of land, the
6 legislative body shall prepare and record in the office of the county
7 recorder of the county ~~in which~~ *that* the parcel of land is located,
8 and the county recorder shall accept for recordation, a Notice of
9 Cancellation of Special Tax Lien as to that parcel. The Notice of
10 Cancellation of Special Tax Lien shall identify with particularity
11 the special tax ~~which~~ *that* has been prepaid and permanently
12 satisfied, shall state the book and page number, *or the document*
13 *or instrument number*, in the records of the county recorder where
14 the Notice of Special Tax Lien being cancelled is recorded, shall
15 contain the legal description and assessor's parcel number of the
16 particular parcel of land subject to the lien, and shall contain the
17 name of the owner of record of the parcel. The recorder shall mail
18 the original Notice of Cancellation of Special Tax Lien to the
19 owner of the property after recording the document. The legislative
20 body may specify a charge for the preparation and recordation of
21 this notice.

22 SEC. 43. Section 53344.2 of the Government Code is repealed.

23 ~~53344.2. (a) Each legislative body of a district may, subject~~
24 ~~to the provisions set forth below, declare a "special tax penalties~~
25 ~~amnesty program" on or before December 31, 1998.~~

26 ~~(b) A special tax penalties amnesty program may be declared~~
27 ~~only after the legislative body makes the following findings at a~~
28 ~~public hearing for which notice has been provided pursuant to~~
29 ~~Section 6061 at least 20 days prior to the date of the hearing:~~

30 ~~(1) That the total dollar amount of special tax delinquencies,~~
31 ~~not including delinquency penalties and redemption penalties, in~~
32 ~~the district has been equal to or greater than 10 percent of the total~~
33 ~~special tax levy in each of the two most recent tax years.~~

34 ~~(2) At least one parcel within the district has been offered for~~
35 ~~sale at a legally noticed foreclosure proceeding conducted in~~
36 ~~accordance with this article and no minimum bids were received.~~

37 ~~(3) The special tax penalties amnesty program may result in~~
38 ~~special taxes being paid for the benefit of the debtholders prior to~~
39 ~~when these taxes are likely to be recovered using available~~
40 ~~remedies.~~

1 ~~(e) In addition to the notice required pursuant to subdivision~~
2 ~~(b), the legislative body shall provide notice of the hearing to the~~
3 ~~underwriter or underwriters of any bonds of the district by~~
4 ~~first-class mail at least 20 days before the date of the hearing.~~

5 ~~(d) The special tax penalties amnesty program shall begin and~~
6 ~~end on a date certain and shall not extend for a period of more than~~
7 ~~60 days.~~

8 ~~(e) Notice of the special tax penalties amnesty program shall~~
9 ~~be published in a newspaper of general circulation published in~~
10 ~~the area of the district at least 30 days prior to the special tax~~
11 ~~penalties amnesty deadline.~~

12 ~~(f) The notice shall be mailed to all property owners at their~~
13 ~~address as it appears on the last secured roll at least 30 days prior~~
14 ~~to the beginning of the special tax penalties amnesty period.~~

15 ~~(g) The notice required in subdivisions (e) and (f) above shall~~
16 ~~contain at a minimum the following:~~

17 ~~(1) The name and telephone number of the person representing~~
18 ~~the district who may be contacted to determine the amount due on~~
19 ~~any parcel if paid in accordance with the program.~~

20 ~~(2) The method and place of payment.~~

21 ~~(3) The deadline for the program and for making the payment.~~

22 ~~(4) A statement in bold print that this program expires on the~~
23 ~~payment deadline date and there will be no additional programs~~
24 ~~absent the authorization of the Legislature and the local legislative~~
25 ~~body.~~

26 ~~(5) The percentage or maximum amount of penalties and interest~~
27 ~~that may be waived on any parcel.~~

28 ~~(h) The special tax penalties amnesty program shall provide~~
29 ~~that upon payment of (1) all past due special taxes, (2)~~
30 ~~administrative costs including costs to remove the special taxes~~
31 ~~from the tax rolls, regular administrative costs, and fees associated~~
32 ~~with establishing and administering the special tax penalties~~
33 ~~amnesty program, and (3) fees and expenses of any foreclosure~~
34 ~~and sale proceedings, including the fees and expenses of~~
35 ~~foreclosure counsel, by the stated deadline the district shall waive~~
36 ~~some or all of the delinquency penalties and redemption penalties~~
37 ~~incurred with respect to those special taxes. The percentage or~~
38 ~~maximum amount of penalties and interest waived shall be in the~~
39 ~~legislative body's discretion. The charges with penalties to be~~
40 ~~waived shall be removed from the tax roll pursuant to Section~~

1 ~~53356.2 and local administrative procedures, and any distributions~~
2 ~~made to the district prior to collection pursuant to Chapter 3~~
3 ~~(commencing with Section 4701) of Part 8 of Division 1 of the~~
4 ~~Revenue and Taxation Code shall be repaid by the district prior~~
5 ~~to granting the waiver.~~

6 SEC. 44. Section 53345 of the Government Code is amended
7 to read:

8 53345. Whenever the legislative body deems it necessary for
9 the community facilities district to incur a bonded indebtedness,
10 it shall, by resolution, set forth all of the following:

11 (a) A declaration of the necessity for the indebtedness.

12 (b) The purpose for which the proposed debt is to be incurred.

13 (c) The amount of the proposed debt. The legislative body may
14 provide for a reduction in the amount of proposed debt in
15 compliance with the provisions of Section 53313. 9.

16 (d) The time and place for a hearing by the legislative body on
17 the proposed debt-issue *authorization*.

18 SEC. 45. Section 53352 of the Government Code is amended
19 to read:

20 53352. The resolution provided for in Section 53351 shall
21 constitute the notice of ~~such a~~ special bond election and ~~such the~~
22 resolution shall be published in a newspaper of general circulation
23 circulating within the area *unless all of the qualified electors waive*
24 *this requirement in writing*.

25 SEC. 46. Section 53354 of the Government Code is amended
26 to read:

27 53354. If the area designated in the resolution adopted pursuant
28 to Section 53351 does not include the entire community facilities
29 district, a separate ballot shall be prepared for the vote upon the
30 proposition to authorize bonds and to levy a ~~special~~ *special* tax for
31 payment of ~~such the~~ bonds and only the voters entitled thereto
32 shall be given ~~such the~~ ballots.

33 SEC. 47. Section 53355 of the Government Code is amended
34 to read:

35 53355. A two-thirds vote shall be required for the issuance of
36 ~~revenue anticipation~~ bonds under authority of this chapter.

37 SEC. 48. Section 53356 of the Government Code is amended
38 to read:

39 53356. If more than two-thirds of the votes cast at the election
40 are in favor of incurring the indebtedness, the legislative body

1 may, by resolution, at the time or times it deems proper, provide
2 for the following:

- 3 (a) The form of the bonds.
- 4 (b) The execution of the bonds.
- 5 (c) The issuance of any part of the bonds.
- 6 (d) The appointment of one or more banks or trust companies
7 within or without the state having the necessary trust powers as
8 trustee, fiscal agent, paying agent, or bond registrar.
- 9 (e) The execution of a trust agreement~~or~~, indenture, *or other*
10 *instrument* securing the bonds.
- 11 (f) The pledge or assignment of any revenues of the community
12 facilities district to the repayment of the bonds.
- 13 (g) The investment of any bond proceeds and other revenues,
14 including special tax revenues, by the trustee or fiscal agent in any
15 securities or obligations described in the resolution, indenture,
16 trust agreement, or other instrument providing for the issuance of
17 the bonds. Investment subject to this subdivision shall comply
18 with Section 53356.03. The resolution may provide for payment
19 to the United States from any available revenues of a community
20 facilities district of any excess investment earnings required to be
21 rebated by federal law.
- 22 (h) The date or dates to be borne by the bonds and the time or
23 times of maturity of the bonds and the place or places and time or
24 times that the bonds shall be payable.
- 25 (i) The interest, fixed or variable, to be borne by the bonds.
- 26 (j) The denominations, form, and registration privileges of the
27 bonds.
- 28 (k) Any other terms and conditions determined to be necessary
29 by the legislative body.

30 SEC. 49. Section 53356.1 of the Government Code is amended
31 to read:

32 53356.1. (a) As a cumulative remedy, if debt is outstanding,
33 the legislative body may, not later than four years after the due
34 date of the last installment of principal thereof, order that any
35 delinquent special taxes levied in whole or in part for payment of
36 the debt, together with any penalties, interest, and costs, be
37 collected by an action brought in the superior court to foreclose
38 the lien of special tax.

39 (b) The legislative body may, by resolution, adopted prior to
40 the issuance of debt under this chapter, covenant for the benefit

1 of debt holders to commence and diligently pursue any foreclosure
2 action regarding delinquent installments of any amount levied as
3 a special tax, *in whole or in part*, for the payment of interest or
4 principal of any ~~bonds that are issued~~ *debt that is incurred*, and,
5 at any time may assign the causes of action arising from the
6 foreclosure to a trustee or joint powers authority to do so on behalf
7 of the debtholders. The resolution may specify a deadline for
8 commencement of the foreclosure action and any other terms and
9 conditions the legislative body determines reasonable regarding
10 the foreclosure action.

11 (c) Except as provided in Section 53356.6, all special taxes,
12 interest, penalties, costs, fees, and other charges that are delinquent
13 at the time of the ordering of a foreclosure action shall be collected
14 in the action. In the event that a lot or parcel of property has not
15 been sold pursuant to judgment in the foreclosure action at the
16 time that subsequent special taxes become delinquent, the court
17 may include the subsequent special taxes, interest, penalties, costs,
18 fees, and other charges in the judgment or modified judgment.

19 (d) For purposes of financing delinquent special taxes pursuant
20 to Section 26220 of the Government Code, the legislative body
21 may act as if it were a board of supervisors.

22 (e) Notwithstanding any other provision of this chapter, no
23 trustee or joint powers authority shall be obligated to accept the
24 tender of bonds in satisfaction of any obligation arising from a
25 delinquent special tax, although either may do so if authorized to
26 do so by the legislative body.

27 (f) An action to determine the validity of any bonds issued, any
28 joint powers agreement entered into, and any related agreements
29 entered into, by a joint powers agency acting pursuant to this
30 section may be brought by the joint powers agency pursuant to
31 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of
32 the Code of Civil Procedure. Any appeal from a judgment in the
33 action shall be commenced within 30 days after entry of judgment.

34 SEC. 50. Section 53356.1.5 is added to the Government Code,
35 to read:

36 53356.1.5. (a) This section applies if delinquent special taxes,
37 together with any penalties, interest, and costs, are collected
38 through the sale of the property by the tax collector pursuant to
39 Chapter 7 (commencing with Section 3691) of Part 6 of Division
40 1 of the Revenue and Taxation Code.

1 (b) If the property is sold for at least the total amount necessary
2 to redeem plus costs, as defined in Section 3698.5 of the Revenue
3 and Taxation Code, the sale of the property shall extinguish the
4 delinquent special taxes, interest, penalties, and costs included in
5 the sale price.

6 (c) If the property is sold for less than the total amount necessary
7 to redeem plus costs, as defined in Section 3698.5 of the Revenue
8 and Taxation Code, all of the following apply:

9 (1) The portion of the sales price paid by the tax collector to the
10 local agency on account of the delinquent special taxes shall be
11 credited by the local agency first to the delinquent interest and
12 redemption penalties, and then to the delinquent principal.

13 (2) The remainder of the delinquent special taxes and redemption
14 penalties, if any, shall remain due and owing.

15 (3) Redemption penalties shall continue to accrue on the
16 remaining unpaid delinquent special taxes.

17 (4) The remaining unpaid amount, with penalties, may be added
18 as postjudgment delinquencies to any existing unsatisfied
19 foreclosure judgment against the property, or may be collected in
20 a new foreclosure action filed pursuant to this chapter.

21 SEC. 51. Section 53356.3 of the Government Code is amended
22 to read:

23 53356.3. At any time after the tax collector has been relieved
24 of his or her duty to collect sums under Section 53356.2 and before
25 judgment in a foreclosure action, the local agency or trustee shall
26 dismiss the action upon payment of all of the following:

27 (a) The amount of any delinquent special taxes together with
28 any penalties, interest, and costs accrued thereon to date of
29 complete payment hereunder.

30 (b) Costs of suit, including, but not limited to, litigation
31 guarantees provided by title companies with respect to all claims
32 of ownership or interest in the subject property.

33 (c) Attorneys' fees authorized by the local agency.

34 (d) The tax collector's costs authorized by subdivision ~~(b)~~ (d)
35 of Section 53356.2.

36 SEC. 52. Section 53356.6 of the Government Code is amended
37 to read:

38 53356.6. ~~(a) Property sold hereunder under these provisions~~
39 ~~may not be sold for less than the amount of the judgment, including~~
40 ~~any amendments to the judgment, plus postjudgment interest and~~

1 authorized costs without the consent of the owners of 75 percent
2 by value of the outstanding bonds, *except as provided in this*
3 *section.*

4 (b) *The legislative body may authorize property to be sold*
5 *hereunder for a specified minimum purchase price that is no less*
6 *than the greater of the following:*

7 (1) *The fair market value of the property based on a Member*
8 *Appraisal Institute (MAI) appraisal that is no more than six months*
9 *old.*

10 (2) *The total of all of the following:*

11 (A) *The special taxes included in the judgment, less any portions*
12 *thereof, levied for reserve fund replenishment and anticipated*
13 *delinquencies, plus 10 percent of the resulting amount.*

14 (B) *Interest on the amount calculated pursuant to subparagraph*
15 *(A) at a blended rate in proportion to the amount of bonds*
16 *outstanding for each series of bonds secured by the delinquent*
17 *special taxes included in the judgment using a rate, for each series*
18 *of bonds, that is two-tenths of 1 percent above the federal arbitrage*
19 *yield, from federal form 8038-G or its successor, or an equivalent*
20 *calculation for taxable bonds, for that series of bonds, with the*
21 *result rounded to the next higher one-hundredth of 1 percent.*

22 (C) *The amount of any current reserve fund deficiencies,*
23 *including any deficiency reasonably likely to occur as a result of*
24 *the existing delinquent special taxes, attributable to the property*
25 *being sold.*

26 (D) *The fees and costs awarded in the judgment and otherwise*
27 *awarded by the court.*

28 (E) *Postjudgment fees and costs including the cost of sale.*

29 (c) *Prior to authorizing a minimum purchase price under*
30 *subdivision (b), the local legislative body shall determine that the*
31 *sale, at the specified minimum purchase price, is in the best interest*
32 *of the debtholders.*

33 (d) *The following persons or entities may not purchase a parcel*
34 *at any foreclosure sale for less than the amount of the judgment,*
35 *as it may be amended, plus postjudgment interest and authorized*
36 *costs:*

37 (1) *Defendants in the foreclosure lawsuit, their agents, or related*
38 *parties.*

1 (2) *Persons and entities that held an unrecorded interest in the*
2 *parcel at the time the lis pendens relating to the foreclosure lawsuit*
3 *was filed.*

4 (e) *Persons and entities unrelated to the defendants who acquire*
5 *an interest in the parcel after the recording of the lis pendens, may*
6 *purchase for less than the amount of the judgment pursuant to*
7 *subdivision (b).*

8 (f) *The plaintiff in the foreclosure action may credit bid up to*
9 *the amount of the judgment, described in subdivision (a).*

10 (g) *Any amounts realized from the sale in excess of the minimum*
11 *purchase price, up to the full amount of the judgment as described*
12 *in subdivision (a), shall be paid to the plaintiff.*

13 SEC. 53. Section 53359.5 of the Government Code is amended
14 to read:

15 53359.5. (a) The legislative body shall, no later than 30 days
16 prior to the sale of any bonds pursuant to this article, give written
17 notice of the proposed sale to the California Debt and Investment
18 Advisory Commission by mail, postage prepaid, or by any other
19 method approved by the California Debt and Investment Advisory
20 Commission, as required by Chapter 11.5 (commencing with
21 Section 8855) of Division 1 of Title 2.

22 (b) On and after January 1, 1993, each year after the sale of any
23 bonds, including refunding bonds, pursuant to this article, and until
24 the final maturity of the bonds, the legislative body shall, not later
25 than October 30 of each year, supply the following information to
26 the California Debt and Investment Advisory Commission by mail,
27 postage prepaid, or by any other method approved by the California
28 Debt and Investment Advisory Commission:

- 29 (1) Issuer name.
30 (2) Community facilities district number or name.
31 (3) Name, title, and series of the bond issue.
32 (4) Credit rating and name of the rating agency.
33 (5) Date of the bond issue and the original principal amount.
34 (6) Reserve fund minimum balance required.
35 (7) The principal amount of bonds outstanding.
36 (8) The balance in the bond reserve fund.
37 (9) The balance in the capitalized interest fund, if any.
38 (10) The number of parcels that are delinquent with respect to
39 their special tax payments, the amount that each parcel is
40 delinquent, the total amount of special taxes due on the delinquent

1 parcels, the length of time that each has been delinquent, when
2 foreclosure was commenced for each delinquent parcel, the total
3 number of foreclosure parcels for each date specified, and the total
4 amount of tax due on the foreclosure parcels for each date
5 specified.

6 (11) The balance in any construction funds.

7 (12) The assessed value of all parcels subject to special tax to
8 repay the bonds as shown on the most recent equalized roll, the
9 date of assessed value reported, and the source of the information.

10 (13) The total amount of special taxes due, the total amount of
11 unpaid special taxes, and whether or not the special taxes are paid
12 under the county's Teeter Plan (Chapter 6.6 (commencing with
13 Section 54773)).

14 (14) The reason and the date, if applicable, that the issue was
15 retired.

16 (15) Contact information for the party providing the information.

17 (c) In addition, with respect to any bonds sold pursuant to this
18 article, regardless when sold, and until the final maturity of the
19 bonds, the legislative body shall notify the California Debt and
20 Investment Advisory Commission by mail, postage prepaid, or by
21 any other method approved by the California Debt and Investment
22 Advisory Commission, within 10 days if any of the following
23 events occur:

24 (1) The local agency or its trustee fails to pay principal and
25 interest due on any scheduled payment date.

26 (2) Funds are withdrawn from a reserve fund to pay principal
27 and interest on the bonds ~~beyond levels set by the California Debt~~
28 ~~and Investment Advisory Commission~~ *that reduce the reserve fund*
29 *to less than the reserve requirement.*

30 (d) Neither the legislative body nor the California Debt and
31 Investment Advisory Commission shall be liable for any
32 inadvertent error in reporting the information required by this
33 section.

34 SEC. 54. Section 53360 of the Government Code is amended
35 to read:

36 53360. The community facilities district may sell the bonds so
37 issued at the times or in the manner the legislative body deems to
38 be to the public interest. However, except as otherwise provided
39 in Section 53360.4, all bonds shall be sold on sealed proposals *or*
40 *through generally accepted electronic means* to the highest bidder,

1 after advertising for bids by publication of notice of sale pursuant
2 to Section 53322, not less than 10 days prior to the date of sale in
3 a newspaper of general circulation circulating in the area 53692.

4 If no bids are received or if the legislative body determines that
5 the bids received are not satisfactory as to price or responsibility
6 of the bidders, the legislative body may reject all bids received, if
7 any, and either readvertise or sell the bonds at private sale.

8 SEC. 55. Section 53362.5 of the Government Code is amended
9 to read:

10 53362.5. Refunding bonds shall not be issued if the total net
11 interest cost to maturity on the refunding bonds plus the principal
12 amount of the refunding bonds exceeds the total net interest cost
13 to maturity on the bonds to be refunded plus the principal amount
14 of the bonds to be refunded. Subject to such these limitations, the
15 principal amount of the refunding bonds may be more than, less
16 than, or the same as the principal amount of the bonds to be
17 refunded.

18 SEC. 56. Section 53363.7 of the Government Code is amended
19 to read:

20 53363.7. The designated costs of issuing the refunding bonds,
21 as defined by Section 53363.8, may be paid by the purchaser of
22 the refunding bonds or may be paid from any other legally available
23 source, including any available revenues of the legislative body,
24 the proceeds of sale of the refunding bonds, the interest or other
25 gain derived from the investment of any of the proceeds of sale of
26 the refunding bonds, or any combination thereof, as determined
27 by the legislative body. However, any amounts paid by the local
28 agency other than from the proceeds of sale of the refunding bonds
29 or from interest or other gains derived from the investment of the
30 proceeds of sale shall be added to the total net interest cost to
31 maturity on the refunding bonds in determining whether the
32 issuance of the refunding bonds complies with Section 53362.5.

33 SEC. 57. Section 53364.2 of the Government Code is amended
34 to read:

35 53364.2. ~~Any savings~~ (a) *If further facilities or services are*
36 *authorized to be financed by the district, savings achieved through*
37 *the issuance of refunding bonds may be used by the legislative*
38 *body for those purposes.*

39 (b) *If no further facilities or services are authorized to be*
40 *financed by the district, any savings achieved through the issuance*

1 of refunding bonds shall be used by the legislative body to reduce
2 the special taxes ~~which were levied to retire the outstanding bonds~~
3 ~~being refunded. At the time the legislative body makes a~~
4 ~~determination to issue the refunding bonds, it shall determine and~~
5 ~~cause to be made any reductions in the annual tax levy in the~~
6 ~~district, which reductions shall be made on a pro rata basis.~~

7 *(c) Savings achieved through the issuance of refunding bonds*
8 *may be used pursuant to both subdivisions (a) and (b) in*
9 *proportions determined by the legislative body.*

10 *(d) For purposes of this section, the terms “savings achieved*
11 *through the issuance of refunding bonds” means the difference*
12 *between the principal and interest to maturity of the refunded*
13 *bonds and the principal and interest to maturity of the refunding*
14 *bonds.*

15 *(e) If savings are to be used for authorized facilities, bonds may*
16 *be issued that are secured by that savings.*

17 SEC. 58. Section 53364.5 of the Government Code is amended
18 to read:

19 53364.5. Any bonds issued by the district may be made callable
20 by resolution of the legislative body adopted at or prior to the time
21 of issuing the bonds. When bonds are made callable a statement
22 to that effect shall be set forth on the face of the bonds. Callable
23 bonds may be redeemed on any ~~interest payment~~ date prior to their
24 fixed maturity in the amounts, manner, and prices prescribed by
25 the legislative body.

26 SEC. 59. Section 53753 of the Government Code is amended
27 to read:

28 53753. (a) The notice, protest, and hearing requirements
29 imposed by this section supersede any statutory provisions
30 applicable to the levy of a new or increased assessment that is in
31 existence on the effective date of this section, whether or not that
32 provision is in conflict with this article. Any agency that complies
33 with the notice, protest, and hearing requirements of this section
34 shall not be required to comply with any other statutory notice,
35 protest, and hearing requirements that would otherwise be
36 applicable to the levy of a new or increased assessment, with the
37 exception of Division 4.5 (commencing with Section 3100) of the
38 Streets and Highways Code. If the requirements of that division
39 apply to the levy of a new or increased assessment, the levying
40 agency shall comply with the notice, protest, and hearing

1 requirements imposed by this section as well as with the
2 requirements of that division.

3 (b) Prior to levying a new or increased assessment, or an existing
4 assessment that is subject to the procedures and approval process
5 set forth in Section 4 of Article XIII D of the California
6 Constitution, an agency shall give notice by mail to the record
7 owner of each identified parcel. Each notice shall include the total
8 amount of the proposed assessment chargeable to the entire district,
9 the amount chargeable to the record owner's parcel, the duration
10 of the payments, the reason for the assessment and the basis upon
11 which the amount of the proposed assessment was calculated, and
12 the date, time, and location of a public hearing on the proposed
13 assessment. Each notice shall also include, in a conspicuous place
14 thereon, a summary of the procedures for the completion, return,
15 and tabulation of the assessment ballots required pursuant to
16 subdivision (c), including a statement that the assessment shall not
17 be imposed if the ballots submitted in opposition to the assessment
18 exceed the ballots submitted in favor of the assessment, with ballots
19 weighted according to the proportional financial obligation of the
20 affected property. An agency shall give notice by mail at least 45
21 days prior to the date of the public hearing upon the proposed
22 assessment.

23 (c) Each notice given pursuant to subdivision (b) shall contain
24 an assessment ballot that includes the agency's address for receipt
25 of the form and a place where the person returning the assessment
26 ballot may indicate his or her name, a reasonable identification of
27 the parcel, and his or her support or opposition to the proposed
28 assessment. Each assessment ballot shall be in a form that conceals
29 its contents once it is sealed by the person submitting the
30 assessment ballot. Each assessment ballot shall be signed and either
31 mailed or otherwise delivered to the address indicated on the
32 assessment ballot. Regardless of the method of delivery, all
33 assessment ballots shall be received at the address indicated, or
34 the site of the public testimony, in order to be included in the
35 tabulation of a majority protest pursuant to subdivision (e).
36 Assessment ballots shall remain sealed until the tabulation of
37 ballots pursuant to subdivision (e) commences, provided that an
38 assessment ballot may be submitted, or changed, or withdrawn by
39 the person who submitted the ballot prior to the conclusion of the
40 public testimony on the proposed assessment at the hearing

1 required pursuant to subdivision (d). An agency may provide an
2 envelope for the return of the assessment ballot, provided that if
3 the return envelope is opened by the agency prior to the tabulation
4 of ballots pursuant to subdivision (e), the enclosed assessment
5 ballot shall remain sealed as provided in this section.

6 (d) At the time, date, and place stated in the notice mailed
7 pursuant to subdivision (b), the agency shall conduct a public
8 hearing upon the proposed assessment. At the public hearing, the
9 agency shall consider all objections or protests, if any, to the
10 proposed assessment. At the public hearing, any interested person
11 shall be permitted to present written or oral testimony. The public
12 hearing may be continued from time to time.

13 (e) (1) At the conclusion of the public hearing conducted
14 pursuant to subdivision (d), an impartial person designated by the
15 agency who does not have a vested interest in the outcome of the
16 proposed assessment shall tabulate the assessment ballots
17 submitted, and not withdrawn, in support of or opposition to the
18 proposed assessment. In a city, the impartial person may include,
19 but is not limited to, the clerk of the agency. The impartial person
20 may use technological methods of tabulating the assessment ballots,
21 including, but not limited to, punchcard or optically readable
22 (bar-coded) assessment ballots. During and after the tabulation,
23 the assessment ballots shall be treated as disclosable public records,
24 as defined in Section 6252, and equally available for inspection
25 by the proponents and the opponents of the proposed assessment.

26 In the event that more than one of the record owners of an
27 identified parcel submits an assessment ballot, the amount of the
28 proposed assessment to be imposed upon the identified parcel shall
29 be allocated to each ballot submitted in proportion to the respective
30 record ownership interests or, if the ownership interests are not
31 shown on the record, as established to the satisfaction of the agency
32 by documentation provided by those record owners.

33 (2) A majority protest exists if the assessment ballots submitted,
34 and not withdrawn, in opposition to the proposed assessment
35 exceed the assessment ballots submitted, and not withdrawn, in
36 its favor, weighting those assessment ballots by the amount of the
37 proposed assessment to be imposed upon the identified parcel for
38 which each assessment ballot was submitted.

39 (3) If there is a majority protest against the imposition of a new
40 assessment, or the extension of an existing assessment, or an

1 increase in an existing assessment, the agency shall not impose,
2 extend, or increase the assessment.

3 (4) The majority protest proceedings described in this
4 subdivision shall not constitute an election or voting for purposes
5 of Article II of the California Constitution or of the California
6 Elections Code.

7 SEC. 60. Section 3712 of the Revenue and Taxation Code is
8 amended to read:

9 3712. The deed conveys title to the purchaser free of all
10 encumbrances of any kind existing before the sale, except:

11 (a) Any lien for installments of taxes and special assessments,
12 ~~which~~ *that* installments will become payable upon the secured roll
13 after the time of the sale.

14 (b) The lien for taxes or assessments or other rights of any taxing
15 agency ~~which~~ *that* does not consent to the sale under this chapter.

16 (c) Liens for special assessments levied upon the property
17 conveyed ~~which~~ *that* were, at the time of the sale under this chapter,
18 not included in the amount necessary to redeem the tax-defaulted
19 property, and, where a taxing agency ~~which~~ *that* collects its own
20 taxes has consented to the sale under this chapter, not included in
21 the amount required to redeem from sale to the taxing agency.

22 (d) Easements constituting servitudes upon or burdens to the
23 property; water rights, the record title to which is held separately
24 from the title to the property; and restrictions of record.

25 (e) Unaccepted, recorded, irrevocable offers of dedication of
26 the property to the public or a public entity for a public purpose,
27 and recorded options of any taxing agency to purchase the property
28 or any interest therein for a public purpose.

29 (f) Unpaid assessments under the Improvement Bond Act of
30 1915 (Division 10 (commencing with Section 8500) of the Streets
31 and Highways Code) ~~which~~ *that* are not satisfied as a result of the
32 sale proceeds being applied pursuant to Chapter 1.3 (commencing
33 with Section 4671) of Part 8, *or that are being collected through*
34 *a foreclosure action pursuant to Part 14 (commencing with Section*
35 *8830) of Division 10 of the Streets and Highways Code. A sale*
36 *pursuant to this chapter shall not nullify, eliminate, or reduce the*
37 *amount of a foreclosure judgment pursuant to Part 14*
38 *(commencing with Section 8830) of Division 10 of the Streets and*
39 *Highways Code.*

(g) Any federal Internal Revenue Service liens—~~which that,~~
pursuant to provisions of federal law, are not discharged by the
sale, even though the tax collector has provided proper notice to
the Internal Revenue Service before that date.

(h) Unpaid special taxes under the Mello-Roos Community
Facilities Act of 1982 (Chapter 2.5 (commencing with Section
53311) of Part 1 of Division 2 of Title 5 of the Government Code)
that are not satisfied as a result of the sale proceeds being applied
pursuant to Chapter 1.3 (commencing with Section 4671) of Part
8, *or that are being collected through a foreclosure action pursuant
to Section 53356.1 of the Government Code. A sale pursuant to
this chapter shall not nullify, eliminate, or reduce the amount of
a foreclosure judgment pursuant to Section 53356.1 of the
Government Code.*

SEC. 61. Section 3110 of the Streets and Highways Code is
amended to read:

3110. (a) The proposed boundaries of the district to be
specially taxed or assessed in proceedings shall be described by
resolution or ordinance adopted by the legislative body prior to
the hearing on the formation or extent of the district. The
description of the proposed boundaries shall be by reference to a
map of the district—~~which that~~ shall indicate by a boundary line the
extent of the territory included in the proposed district and the map
shall govern for all details as to the extent of the district. The map
shall also contain the name of the city and a distinctive designation,
in words or by number, of the district shown on the map.

(b) The map shall be legibly drawn, printed or reproduced by
a process that provides a permanent record. Each sheet of paper
or other material used for the map shall be 18 by 26 inches in size,
shall have clearly shown therein the particular number of the sheet,
the total number of sheets comprising the map, and its relation to
each adjoining sheet, and shall have encompassing its border a
line that leaves a blank margin one inch in width.

The map shall be labeled substantially as follows: Proposed
Boundaries of (here insert name or number of district) (here insert
name of city and county thereafter), State of California.

In addition, if the resolution of intention to create the district
proposes that some or all tax or bond proceeds of the district would
be used to pay for cleanup of any hazardous substance—~~pursuant
to subdivision (c) of Section 53313 of the Government Code,~~ the

1 map label shall include the following statement in large,
2 conspicuous letters:

3 TAXES LEVIED BY THIS DISTRICT MAY BE USED TO
4 PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

5 If the map consists of more than one page, the same entitlement
6 shall be on each page.

7 The map shall also have thereon legends reading substantially
8 as follows:

9 (1) Filed in the office of the (clerk of the legislative body) this
10 ____ day of ____, ~~19~~ 20__,

11
12
13 _____
14 (Clerk of the legislative body)
15

16 (2) I hereby certify that the within map showing proposed
17 boundaries of (here insert name or number of district) (here insert
18 name of city, and, if not a county, insert name of county thereafter),
19 State of California, was approved by the city council (or other
20 appropriate legislative body) of the (here insert city) at a regular
21 meeting thereof, held on the ____ day of ____, ~~19~~ 20__, by its
22 Resolution No. ____.

23
24
25 _____
26 (Clerk of the legislative body)
27

28 (3) Filed this ____ day of ____, ~~19~~ 20__, at the hour of ____
29 o'clock _m. in Book ____ of Maps of Assessment and Community
30 Facilities Districts at page ____, in the office of the county recorder
31 in the County of ____, State of California.

32
33
34 _____
35 (County Recorder of County of _____)
36

37 SEC. 62. Section 3113 of the Streets and Highways Code is
38 amended to read:

39 3113. The legislative body shall not order a modification in
40 the boundaries of a district shown on a previously filed map of the

1 district unless the legislative body describes the proposed
2 modification by reference to an amended map of the district
3 boundary. The amended map shall be approved by resolution
4 adopted by the legislative body and the clerk of the legislative
5 body shall file the amended map showing the modification of
6 boundaries of the district with the county recorder not later than
7 ~~10~~ 15 days after the resolution of the legislative body approving
8 the amended boundary. The map shall also contain the legends
9 provided for in Section 3110.

10 The county recorder shall endorse upon the modified or amended
11 boundary map the time and date of the filing and shall fasten the
12 same securely in a book of maps of assessment and community
13 facilities districts—~~which~~ *that* the county recorder keeps in his or
14 her office pursuant to Section 3112. The county recorder shall
15 cross-index the amended boundary map by reference to page and
16 book of maps of assessment and community facilities districts in
17 which the original boundary map of the affected district was filed.

18 The amended boundary map shall include on its face that it
19 amends the boundary map for (here insert name or number of
20 district or both name and number of district, together with city or
21 county, or both city and county), State of California, prior recorded
22 at Book ___ of Maps of Assessment and Community Facilities
23 Districts at page __, in the office of the County Recorder for the
24 County of ____, State of California.

25 SEC. 63. Section 3114.5 of the Streets and Highways Code is
26 amended to read:

27 3114.5. (a) This section applies only to community facilities
28 districts.

29 (b) Within 15 days, *in the case of a landowner vote, or 90 days,*
30 *in the case of a registered voter election,* after determination
31 pursuant to Section 53328 of the Government Code that the
32 requisite number of voters is in favor of the levy of a special tax,
33 the clerk of the legislative body shall execute and record a notice
34 of special tax lien in the office of the county recorder of each
35 county—~~in which~~ *that* all or any part of the community facilities
36 district is located, and the county recorder shall accept that notice.
37 The county recorder shall index the notice of special tax liens to
38 the names of the property owners within the community facilities
39 district and shown in the notice, as grantors. The notice of special
40 tax lien shall contain the information required by Section 27288.1

1 of the Government Code and shall be in substantially the following
2 form:

3
4 NOTICE OF SPECIAL TAX LIEN
5

6 Pursuant to the requirements of Section 3114.5 of the Streets
7 and Highways Code and Section 53328.3 of the Government Code,
8 the undersigned clerk of the legislative body of _____, State of
9 California, hereby gives notice that a lien to secure payment of a
10 special tax is hereby imposed by the (here insert name of legislative
11 body) of (here insert city and name of county thereafter), State of
12 California. The special tax secured by this lien is authorized to be
13 levied for the purpose of: (as applicable) (1) paying principal and
14 interest on bonds, the proceeds of which are being used to finance
15 (briefly describe facilities financed); (2) providing (briefly describe
16 facilities financed without bonds); (3) providing (briefly describe
17 services being financed).

18 If all or any portion of the proceeds of taxes or bonds of the
19 district are authorized to be used to pay for cleanup of hazardous
20 substances pursuant to subdivision (f) of Section 53313 of the
21 Government Code, the notice shall also contain the following
22 statement in large conspicuous type:

23 TAXES LEVIED BY THIS DISTRICT MAY BE USED TO
24 PAY FOR CLEANUP OF HAZARDOUS SUBSTANCES.

25 The special tax is authorized to be levied within Community
26 Facilities District No. _____ ~~which~~ *that* has now been officially
27 formed and the lien of the special tax is a continuing lien ~~which~~
28 *that* shall secure each annual levy of the special tax and ~~which~~ *that*
29 shall continue in force and effect until the special tax obligation
30 is prepaid, permanently satisfied, and canceled in accordance with
31 law or until the special tax ceases to be levied and a notice of
32 cessation of special tax is recorded in accordance with Section
33 53330.5 of the Government Code.

34 The rate, method of apportionment, and manner of collection of
35 the authorized special tax is as follows: (here insert verbatim the
36 description of the rate, method of apportionment, and manner of
37 collection from the resolution of formation of the community
38 facilities district). Conditions under which the obligation to pay
39 the special tax may be prepaid and permanently satisfied and the
40 lien of the special tax canceled are as follows: (here insert ~~such~~

1 ~~the conditions as are~~ set forth in the resolution of formation or, if
2 no provision has been made for prepayment of the special tax
3 obligation, so state).

4 Notice is further given that upon the recording of this notice in
5 the office of the county recorder, the obligation to pay the special
6 tax levy shall become a lien upon all nonexempt real property
7 within Community Facilities District No. _____ in accordance with
8 Section 3115.5 of the Streets and Highways Code.

9 The name(s) of the owner(s) and the assessor's tax parcel
10 number(s) of the real property included within this community
11 facilities district and not exempt from the special tax are as follows:
12 (insert name(s) of owner(s) and tax parcel number(s) shown on
13 assessment roll).

14 Reference is made to the boundary map (or the amended
15 boundary map) of the community facilities district recorded at
16 Book ____ of Maps of Assessment and Community Facilities
17 Districts at Page ____, in the office of the County Recorder for the
18 County of ____, State of California which map is now the final
19 boundary map of the community facilities district.

20 For further information concerning the current and estimated
21 future tax liability of owners or purchasers of real property subject
22 to this special tax lien, interested persons should contact (here
23 provide name, address, and telephone number of the appropriate
24 office, department, or bureau of the public entity designated
25 pursuant to Section ~~53340.1~~ 53340.2 of the Government Code).

26 (c) The county recorder shall endorse upon the notice the time
27 and date of filing, and shall cross index the notice by reference to
28 the page of the book of maps of assessment and community
29 facilities districts ~~in which~~ *that* the boundary map of the district
30 was filed.

31 SEC. 64. Section 3115.5 of the Streets and Highways Code is
32 amended to read:

33 3115.5. (a) This section applies only to community facilities
34 districts.

35 (b) From the date of the recording in the office of the county
36 recorder pursuant to Section 3114.5, or if the community facilities
37 district is located in two or more counties, then from the date of
38 the recording in the office of ~~the~~ *each* county recorder where a
39 notice is ~~last~~ recorded, all persons are deemed to have notice of

1 the contents of the Notice of Special Tax Lien *with respect to*
2 *parcels in that county.*

3 (c) Upon the date of ~~the last of~~ the recordings made pursuant
4 to subdivision (b), the notice of special tax lien shall impose a lien
5 upon all nonexempt real property in the district *within that county.*
6 The lien imposed pursuant to this section shall continue in force
7 and effect until the special tax obligation is prepaid and
8 permanently satisfied and the lien canceled in accordance with
9 law or until the special tax ceases to be levied and a notice of
10 cessation of special tax is recorded in accordance with Section
11 53330.5 of the Government Code.

12 SEC. 65. Section 3117.5 of the Streets and Highways Code is
13 amended to read:

14 3117.5. (a) In the event of amendment or modification of, or
15 annexation to, the boundaries of a community facilities district,
16 an amendment to the Notice of Special Tax Lien shall be prepared
17 and recorded under the procedure of Section 3114.5. In the listing
18 of property owners, the amended notice need only list separately
19 the names of the owners and assessor's tax parcel numbers of
20 parcels being added to the district and the names of the owners
21 and assessor's parcel numbers of parcels being excluded from the
22 district. This amendment need not supersede the existing notice.

23 (b) If any proceedings subsequent to the approval by the voters
24 of a special tax pursuant to the Mello-Roos Community Facilities
25 Act of 1982, Chapter 2.5 (commencing with Section 53311) of
26 Part 1 of Division 2 of Title 5 of the Government Code, result in
27 a change in the authorization to levy a special tax or to issue bonds,
28 or a change in the facilities or services authorized to be financed,
29 the clerk of the legislative body shall record an amendment to the
30 original (or, if it has been superseded, the most recent) Notice of
31 Special Tax Lien and any amendments thereto ~~which~~ *that* shall
32 reference the ~~book and page~~ *recorder's serial or document number*
33 and recording date of that notice and any amendments to it and
34 shall clearly set forth the changes.

35 SEC. 66. Section 8837 is added to the Streets and Highways
36 Code, to read:

37 8837. This section applies if delinquent assessment
38 installments, together with any penalties, interest, and costs, are
39 collected through the sale of the property by the tax collector

1 pursuant to Chapter 7 (commencing with Section 3691) of Part 6
2 of Division 1 of the Revenue and Tax Code.

3 (a) If the property is sold for at least the total amount necessary
4 to redeem plus costs, as defined in Section 3698.5 of the Revenue
5 and Taxation Code, the sale of the property shall extinguish the
6 delinquent assessment installments, interest, penalties, and costs
7 included in the sale price.

8 (b) If the property is sold for less than the total amount necessary
9 to redeem plus costs, as defined in Section 3698.5 of the Revenue
10 and Taxation Code, the following applies:

11 (1) The portion of the sales price paid by the tax collector to the
12 local agency on account of the delinquent assessment installments
13 shall be credited by the local agency first to delinquent interest
14 and redemption penalties, and then to delinquent principal.

15 (2) The remainder of the delinquent assessment installments
16 and redemption penalties, if any, shall remain due and owing.

17 (3) Redemption penalties shall continue to accrue on remaining
18 unpaid delinquent assessment installments.

19 (4) The remaining unpaid amount, with penalties, may be added
20 as postjudgment delinquencies to any existing unsatisfied
21 foreclosure judgment against the property, or may be collected in
22 a new foreclosure action filed pursuant to this chapter.